AEEI™

AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED

ANNUAL FINANCIAL STATEMENTS 2017

FINANCIAL **STATEMENTS**

LEVEL OF ASSURANCE

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

PREPARER

Wakeel McLachlan
BCom (Hons) CA(SA)
Group financial manager

PUBLISHED

7 November 2017

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

AUDIT AND RISK COMMITTEE REPORT

1. MEMBERS OF THE AUDIT AND RISK COMMITTEE

The members of the audit committee are all independent non-executive directors of the Group and include:

Name	Qualification	Date of resignation
S Young	BProc LLB (UWC), LLM (Tulane University, USA)	
JM Gaomab	Extensive Board-level experience	
TT Hove	BCom Hons Accounting (Nelson Mandela Metropolitan University), CA(SA), ACMA, CGM	
Reverend Dr VC Mehana	BTh (Rhodes University), AMP (INSEAD Business School, France), Certificate on Public Enterprise (National University of Singapore), MBA (De Montfort University, UK), DPhil (University of Johannesburg), ordained Minister of the Methodist Church of South Africa, adjunct professor of UCT: Graduate School of Business and Top Management Certificate on Public Enterprise (National University of Singapore), DBA, Honoris Causa (Commonwealth University)	18 August 2017

The committee is satisfied that the members thereof have the required skills, knowledge and experience as set out in section 94(5) of the Companies Act, 2008 (No. 71 of 2008), as amended (the Companies Act) and regulation 42 of the Companies Regulations, 2011.

2. MEETINGS HELD BY THE AUDIT AND RISK COMMITTEE

The audit and risk committee performs the duties laid upon it by section 94(7) of the Companies Act by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

The committee held 3 scheduled meetings during 2016/17 and 80% of the committee members attended all the meetings.

3. EXTERNAL AUDITOR

The audit and risk committee nominated Grant Thornton Cape Inc. as the independent auditor and Mr I Hashim as the designated partner, who is a registered independent auditor, for appointment of the 2018 audit.

The committee satisfied itself through enquiry that the external auditor is independent as defined by the Companies Act and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act that internal governance processes within the firm support and demonstrate the claim to independence.

The audit and risk committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit was considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The audit and risk committee considered and pre-approved all non-audit services provided by the external auditor and the fees relative there to so as to ensure the independence of the external auditor is maintained.

4. ANNUAL FINANCIAL STATEMENTS

Following the review of the annual financial statements and the abridged integrated report, the audit and risk committee recommend to the Board approval thereof.

5. EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER

As required by the JSE Listings Requirement 3.84(h), the audit and risk committee assessed the competence and performance of the chief financial officer and is satisfied that she has the appropriate expertise and experience. The committee is satisfied with the expertise and adequacy of the resources within the finance department and the experience of the finance staff.

6. INTERNAL AUDIT AND OBJECTIVE AND SCOPE OF THE AUDIT

For further information on the activities of the internal audit function and the objectives and scope of the audit conducted during the year under review, kindly refer to the report of the audit and risk committee.

On behalf of the audit and risk committee

S Young
Chairman Audit and risk committee

Cape Town
7 November 2017

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Group and Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS), the SAICA financial reporting guides issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act, as amended, and the Listings Requirements of the JSE Ltd. The external auditors are engaged to express an independent opinion on the financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and the Company. All employees are required to maintain the highest ethical standards in ensuring the Group and entity's business are conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group and Company is on identifying, assessing, managing and monitoring all known forms of risk across the Group and Company. While operating risk cannot be fully eliminated, the Group and Company endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors reviewed the Group and Company's cash flow forecast for the year to 31 August 2018 and, in light of this review and the current financial position, they are satisfied that the Group and Company has or have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group and Company's annual financial statements. The annual financial statements have been examined by the Group and Company's external auditors and their report is presented on pages 6 to 11.

The annual financial statements set out on pages 12 to 111, which have been prepared on the going-concern basis, were approved by the Board of directors on 7 November 2017, and were signed on their behalf by:

Reverend Dr VC Mehana
Non-executive chairman

K Abdulla
Chief executive officer

DIRECTORS' INTEREST IN CONTRACTS

During the period under review, no director had any material interest in any contract of significance with African Equity Empowerment Investments Limited, any of its subsidiaries, associates or joint ventures that would give rise to a conflict of interest in the ordinary course of business other than those disclosed in the related party notes. Related party transactions with the directors are disclosed in note 40 of the financial statements.

GROUP SECRETARY'S CERTIFICATION

In terms of section 88(2)(e) of the Companies Act, as amended, I certify that the Group has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

All directors have access to the advice and services of the company secretary who provides guidance to the Board as a whole and to individual directors with regard to corporate governance and how they should discharge their responsibilities in the best interests of the Group and Company.

N Mbaliseli
Company secretary

Cape Town
7 November 2017

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED

OPINION

We have audited the consolidated and separate financial statements of African Equity Empowerment Investments Limited (the Group) set out on pages 16 to 111, which comprise the statements of financial position as at 31 August 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 August 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of unlisted investments (separate annual financial statements) Investment in subsidiaries are carried at fair value through profit or loss, amounting to R2 303 034 000. The valuation of these investments are based on an entity discounted cash flow valuation technique. The use of a discounted cash flow valuation requires the estimation of a number of significant inputs, including the future expected cash flows and the weighted average cost of capital used to perform the discounting. Many of these inputs may have a material impact on the valuation. In determining the fair value of the subsidiary companies, which are not traded in an active market, valuation techniques which require significant judgement and estimates are applied by management. These are in accordance with Level 3 inputs as per International Financial Reporting Standard 13 Fair Value Measurement (IFRS 13). The judgements are based on existing market conditions, determined at the end of each reporting period to determine the fair value of these financial instruments.	In assessing the fair value of the unlisted investments, we obtained an understanding of the overall control environment as well as the processes which have been implemented by management and which have been overseen by the Board of directors. • Testing the mathematical accuracy of the valuation models, by performing a recalculation of each valuation. • Assessing the budgeting process, and confirming reasonability of the forecasts • Agreeing management forecast to the approved budgets. • Comparing the actual performance to that of previous years forecast. • We have assessed the key inputs in the valuation models by performing the following procedures:

Key audit matter	How our audit addressed the key audit matter
Accordingly, the valuation of investment in subsidiaries at fair value through profit or loss was considered to be a key audit matter, due to the significant contribution to results of the separate financial statements as well as the significance of the assumptions, estimates and the level of judgement involved. The disclosures relating to investment in subsidiaries are contained in note 1 (accounting policies) and notes 6 and 43 (financial disclosures). Our audit procedures included an assessment of the reasonability of the forecast by:	• Comparing the inputs to the weighted average cost of capital discount rate to independently obtained data such as the cost of debt, risk free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies. • Utilising our internal valuation experts, who have assessed the reasonableness and appropriateness of the key inputs. We have assessed managements' qualifications, experience and expertise with respect to the valuation performed. We inspected the disclosures in the financial statements in relation to the valuation of unlisted investments for compliance with the relevant accounting requirements.
Valuation of Goodwill and intangible assets (consolidated annual financial statements) Under IFRSs, the Group is required to annually test goodwill and intangible assets for impairment. We have determined this is a key audit matter due to the judgement required by the Board in preparing a 'value in use' model to satisfy the impairment test. Forecasting future cash flows and applying an appropriate discount rate, inherently involves a high degree of estimation and judgement by the Board. Details of the assumptions and estimation used has been disclosed in Note 1.3 and Note 29.	Our audit procedures focused on evaluating and challenging the key assumptions used by the Board in conducting the impairment review. These procedures included: • Reviewing the model for compliance with IAS 36 Impairment of Assets • Verifying the mathematical accuracy and methodology appropriateness of the underlying model calculations • Evaluating the cash flow projections and the process by which they were developed, comparing the cash flows to the latest budgets, assessing the historical accuracy of the budgeting process • Involvement of our internal valuation specialist to assessing the key growth rate assumptions by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the Group • Performing sensitivity analysis of the key assumptions in model. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

TO THE SHAREHOLDERS OF AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED

Key audit matter	How our audit addressed the key audit matter
New business acquisitions and related accounting (consolidated annual financial statements) During the year, the Group acquired Kalula Communications (Pty) Ltd, Puleng Technologies (Pty) Ltd and Orleans Cosmetics (Pty) Ltd. The accounting for these acquisitions is governed by IFRS 3 Business Combinations whose requirements can be complex and requires the directors to exercise judgement in determining certain estimates. The most significant is the determination of the purchase price allocation which encompasses: • Identifying the assets and liabilities acquired and determining their fair values; • Determination of separate identifiable intangible asset, bargain purchase or goodwill to be recognised on acquisition; and • Determining the value of the considerations transferred. We have determined this is a key audit matter due to the value of the current year acquisitions and the level of judgement and estimate involved in the purchase price allocation. Details of the acquisitions has been disclosed in Note 50.	Our procedures included, among others, the following: • Involvement of our internal valuation specialists in the valuation of the identifiable assets and liabilities including assessing the adequacy of the valuation methods and appropriateness of key assumptions used; • Recomputing the value of the considerations transferred with reference to the purchase agreements and the correct effective date was used; • Recomputing the resulting goodwill, bargain purchase and intangible assets to be recognised on acquisition; and • Performing procedures to determine that acquisitions made were included correctly in the consolidation. The purchase price allocation and the accounting for the acquisition transactions was assessed to be appropriate based on the evidence obtained.
Residual values of vessels (consolidated annual financial statements) The residual values are reviewed annually by management. In determining the residual value, management applies judgement in determining the estimated amount that the entity would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. Accordingly, the residual values of vessels was considered to be a key audit matter, due to the significance of the estimates and the level of judgement applied by management. The disclosures relating to vessels are contained in note 1 (accounting policies) and note 3.	Our audit procedures included an assessment of the reasonability of the residual values, namely: • We have inspected a management resolution to confirm that management have reviewed the residual values. • We have discussed the reasonableness of the residual values used with management, as well as with managements' expert, and • We have obtained an experts assessment of the residual values, confirming that the residual values are reasonable.

Key audit matter	How our audit addressed the key audit matter
Physical quantities of Biological Assets (consolidated annual financial statements) Biological assets comprise of live abalone and are held in various weight categories. It is impractical to count all the abalone on a given day, due to factors such as the delicate nature of the abalone and the quantity of abalone held at the farm. As such, the quantities are determined through a process known as grading, which involves the periodic process of categorising systematic batches of abalone across the farm. Through this continual process and the use of industry growth algorithms, the number and average weight of the abalone is determined. Physical quantities of biological assets was a key audit matter due to the significant contribution to the consolidated results of the Group. The disclosures relating to biological assets are contained in note 1 (accounting policies) and notes 14 and 43 (financial disclosures).	In assessing the quantity of the biological assets, we obtained an understanding of the overall control environment as well as the processes which have been implemented by management and which have been overseen by those charged with governance. Audit procedures included the attendance of the periodic grading on site, in order to observe the appropriateness of controls implemented in applying sampling methodologies, as well as to confirm the adherence to appropriate biological inventory processes. Reliance is placed on the inventory systems utilised.
Impairment of fishmeal plant (consolidated annual financial statements) The fishmeal plant, located at Saldanha, is carried at cost less accumulated depreciation and accumulated impairment. In accordance with IAS 36 – Impairment of Assets, management annually assess whether there is any indication that the plant may be impaired. In assessing whether there is an indication of impairment, management applied judgement in: • Determining whether any impairment indicators exists, and • Determining the recoverable amount, being the higher of the assets fair value less costs to sell and its value in use. Accordingly, the impairment assessment of the fishmeal plant was considered to be a key audit matter, due to the quantitative significance and the level of judgement involved. The disclosures relating to property, plant and equipment are contained in note 1 (accounting policies) and notes 3.	In assessing the impairment assessment performed by management, we performed the following: • Physically inspected the fishmeal plant, • Discussed with management whether any impairment indication exists, • Discussed with management the method in which management has estimated the recoverable amount, and • Obtained a representation from management confirming that the plant is not impaired. Reviewed the method and key inputs used by management in determining the estimated recoverable amount. We have also obtained an independent third party assessment, confirming the fair value of the plant in its current location and condition. We have assessed this assessment by: • Discussing the method used in determining the value of the plant with the third party service provider, • Confirming that the third party is independent. • Assessed the experience and expertise of the service provider.

INDEPENDENT AUDITOR'S REPORT (continued)

TO THE SHAREHOLDERS OF AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the integrated report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Grant Thornton Cape Inc. has been the auditor of African Equity Empowerment Investments Limited for 20 years.

Grant Thornton Cape Inc

Grant Thornton Cape Inc.
Registered Auditors
Practice number: 2010/016204/21

Imtiaaz Hashim
Director

Registered Auditor
Chartered Accountant (SA)

7 November 2017

6th Floor, Grant Thornton House,
123 Hertzog Boulevard, Foreshore
Cape Town

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of African Equity Empowerment Investments Limited and the Group for the year ended 31 August 2017.

1. NATURE OF BUSINESS

African Equity Empowerment Investments Limited ("AEEI" or "the Company" or "the Group") is a majority black-owned and black-managed investment holding Company based in South Africa. The Group has investments in fishing and brands, technology, health and beauty, biotherapeutics, and events and tourism, all supporting Broad-based Black Economic Empowerment (B-BBEE) and small, medium and micro enterprises (SMMEs). The Group also holds strategic investments; some with international partners.

It has many operational joint arrangements, associates and subsidiaries. Refer to notes 47, 48 and 49.

There have been no material changes to the nature of the Group's business from the prior year.

2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the SAICA financial reporting guides issued by the Accounting Practices Committee and the Listings Requirements of the JSE Ltd. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Group are set out in these consolidated annual financial statements. Refer to note 46 – Segmental Information for a detailed breakdown of the proportion of net income or loss attributable to the various divisions in the Group.

3. CORPORATE GOVERNANCE

The directors subscribe to the principles incorporated in the King IV Report on Corporate GovernanceTM for South Africa (King IVTM) and, save as disclosed in the corporate governance review, have complied as far as practical with principles contained therein throughout the reporting period. The directors recognise the need to conduct the Company with integrity and in accordance with generally accepted corporate practices. The Board and the Board committees have reviewed the Group and Company's corporate governance policies and procedures in the current year and no issues were identified.

4. EVENTS AFTER THE REPORTING PERIOD

The Group through its subsidiary Premier Fishing SA (Pty) Ltd entered into a binding Heads of Agreement with Talhado Fishing Enterprises (Pty) Ltd (Talhado) to acquire a 50.01% stake in their business. The effective date of the transaction is 30 November 2017, subject to conditions precedent in the heads of agreement. Talhado is the largest squid player in the South African market and the acquisition fits in line with the Group's growth strategy to expand organically or through acquisitions. This acquisition will also increase the diversification to our product basket. A SENS announcement in relation to the transaction was released on 18 October 2017.

The Talhado transaction is undertaken at a four to six times historic profit after tax multiple which is earnings enhancing to shareholders of Premier.

The Board of AEEI has approved the proposed listing on the JSE main board subject to all regulatory approvals of its technology division in the short to medium term (short term: six months, medium term: 12 months) subject to market conditions.

On the 3 November 2017, AEEI acquired an additional 24.5% shares in espAfrika (Pty) Ltd from an existing shareholder by exercising its pre-emptive rights.

5. AUTHORISED AND ISSUED SHARE CAPITAL

There have been no changes to the authorised or issued share capital during the year under review.

6. DIVIDENDS

A final dividend of 3.30 cents amounting to R16 221 319 and an interim dividend of 2.00 cents per share amounting to R9 833 859 was paid to shareholders during the year under review. A final dividend of 5.50 cents was approved by the Board of directors on 30 October 2017 in South African currency in respect of the year ended 31 August 2017. The dividend is payable on 22 January 2018 to shareholders recorded in the register of the Company at close of business on 16 January 2018.

7. DIRECTORATE

The directors in office at the date of this report are as follows:

Directors	Office	Designation
K Abdulla	Chief executive officer	Executive
C Ah Sing	Chief financial officer	Executive
CF Hendricks	Corporate affairs and sustainability director	Executive
Reverend Dr VC Mehana	Chairman	Non-executive independent
S Young	Deputy chairman	Non-executive independent
JM Gaomab		Non-executive independent
A Amod		Non-executive independent
TT Hove		Non-executive independent
Z Barends		Non-executive independent

There have been no changes to the directorate for the year under review.

8. AUDITORS

Grant Thornton Cape Inc. continued in office as auditors for the Company and its subsidiaries for 2017.

At the AGM, the shareholders will be requested to reappoint Grant Thornton Cape Inc. as the independent external auditors of the Company and to confirm Mr I Hashim as the designated lead audit partner for the 2018 financial year.

9. SECRETARY

The company secretary is Miss N Mbaliseli.

Postal address	PO Box 181
	Cape Town
	South Africa
	8000
Business address	Quay 7, East Pier
	V&A Waterfront
	Cape Town
	8001

10. LIQUIDITY AND SOLVENCY

The directors have performed the liquidity and solvency tests required by the Companies Act, as amended, for the Group. The Board is satisfied that the Group is solvent and has no reason to believe that the business will not be a going concern in the year ahead.

11. COMPANY SECRETARY

As required by JSE Listings Requirement 3.84(i), the Board has satisfied itself that the company secretary has the appropriate expertise, competence and experience. The company secretary is accountable to the Board and the following duties, among other things, were carried out:

- guidance to the directors in terms of their duties, responsibilities, powers, training and induction of the responsibilities and liabilities under the Companies Act;
- making the Board aware of any law relevant to and/or affecting the Company;
- preparation of Board packs and recording of proper detailed minutes of meetings;

DIRECTORS' REPORT (continued)

11. COMPANY SECRETARY (CONTINUED)

- ensuring proper and orderly conduct at all Board, committee and annual general meetings;
- disclosure of corporate actions of SENS announcements and directors' dealings in securities; and
- compliance with JSE Listings Requirements and the Companies Act.

All directors have access to the advice and services of the company secretary. The Board considered the competence, qualifications and experience of the company secretary and is satisfied that they are appropriate. This was concluded after due assessment following a review by the remuneration committee of the Company regarding the interim company secretary's qualifications, experience and performance.

12. REPORT OF THE AUDIT AND RISK COMMITTEE

The report of the audit and risk committee, as required in section 94(7)(f) of the Companies Act, is set out on pages 2 to 3 of these financial statements.

13. BOARD EVALUATION OF THE AUDIT AND RISK COMMITTEE

The Board of directors believes that the committee has satisfied its responsibilities for the year in compliance with the terms of reference of the Companies Act.

14. DIRECTORS' INTERESTS IN SHARES[1]

During the year the directors held, in aggregate, directly or indirectly, beneficially or non-beneficially, interest in 15 507 500 (2016: 12 465 706) in the Company's shares, equivalent to 2.82% (2016: 2.53%) of the issued share capital. The individual interests of the directors are as follows:

INTEREST IN SHARE CAPITAL "B" CLASS ORDINARY SHARES – LISTED 31 AUGUST 2017

31 August 2017	Direct beneficial	Direct non-beneficial	Indirect beneficial	Indirect non-beneficial	Total shares	Total percentage
K Abdulla*	**1 575 316**	**–**	**5 500 000**	**7 534 390**	**14 609 706**	**2.65%**
CF Ah Sing*	**350 000**	**–**	**–**	**–**	**350 000**	**0.07%**
CF Hendricks*	**265 000**	**–**	**–**	**–**	**265 000**	**0.05%**
Reverend Dr VC Mehana (Chairman)	**250 000**	**–**	**–**	**–**	**250 000**	**0.05%**
T Hove	**31 794**	**–**	**–**	**–**	**31 794**	**0.00%**
Z Barends	**1 000**	**–**	**–**	**–**	**1 000**	**0.00%**
Total	**2 473 110**	**–**	**5 500 000**	**7 534 390**	**15 507 500**	**2.82%**

31 August 2016	Direct beneficial	Direct non-beneficial	Indirect beneficial	Indirect non-beneficial	Total shares	Total percentage
K Abdulla*	1 575 316	–	–	10 024 390	11 599 706	2.36%
CF Ah Sing*	350 000	–	–	–	350 000	0.07%
CF Hendricks*	265 000	–	–	–	265 000	0.05%
Reverend Dr VC Mehana (Chairman)	250 000	–	–	–	250 000	0.05%
Z Barends	1 000	–	–	–	1 000	0.00%
Total	2 441 316	–	–	10 024 390	12 465 706	2.53%

** Executive.*

[1] No transactions occurred after year end and before the date of approval of the annual financial statements that can impact any shareholding of any director.

15. VOTING RIGHTS

"B" ordinary shares each carry one vote per share and "A" ordinary shares each carry five hundred votes per share. No "A" ordinary shares have been issued.

16. PROPERTY, PLANT AND EQUIPMENT

There was no change in the nature of the property, plant and equipment of the Group and the Company or in the policy regarding their use.

17. RESTATEMENT OF COMPARATIVES

Comparatives were restated in the statement of profit or loss and other comprehensive income as a result of the discontinued operations arising in the current year, in accordance with IFRS 5, as well a result of reclassifying dividends and interest revenue as trading revenue and not under investment income. These reclassifications had no effect on the total earnings, earnings per share and headline earnings per share.

18. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

The principal subsidiaries, joint ventures and associates are reflected in notes 6, 7 and 8.

19. BORROWING LIMITATIONS

In terms of the Memorandum of Incorporation of the Company, the directors may exercise all the powers of the Company to borrow money, as they consider appropriate. The unutilised borrowings as at 31 August 2017 amounted to R63 066 458 (2016: R63 574 726).

20. SPECIAL RESOLUTIONS

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the Company. The only special resolutions passed at the annual general meeting on 23 February 2017 are as follows:

- remuneration for executive and non-executive directors;
- inter-company financial assistance
- financial assistance for the acquisition of shares in the Company or a related or inter-related company;
- the Company or its subsidiaries to repurchase Company shares; and
- the amendment of the Memorandum of Incorporation of the Company in relation to fractions.

21. GOING CONCERN

The directors believe that the Group and Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going-concern basis. The directors have satisfied themselves that the Group and Company are in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group and Company. The directors are also not aware of any material non–compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group or the Company.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

22. LITIGATION STATEMENT

The Group becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The Group is currently awaiting the outcome on litigations. Refer to note 23 below for the details.

23. CONTINGENT LIABILITIES

Due to the nature of litigation, as advised by legal counsel, the outcome is unpredictable on the application for appeal from existing subsidiary shareholder against the company at the date of reporting period. The appeal is set down for hearing on 31 January 2018. Management believe the possible outcome to be in our favour as the matter was dismissed on two previous cases.

Refer to Note 55 in the financial statements for further details.

24. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS BY THE DIRECTORS

The consolidated annual financial statements have been authorised by the directors for issue on 7 November 2017. No authority was given to anyone to amend the annual financial statements after the date of issue.

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2017

	Notes	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**154 527**	147 086	**125**	209
Goodwill	4	**82 940**	56 832	**–**	–
Intangible assets	5	**384 027**	338 640	**25**	28
Investments in subsidiaries	6	**–**	–	**2 303 034**	2 106 545
Investment in associates	7	**780 559**	169	**–**	–
Investments in joint ventures	8	**33**	115	**–**	–
Loans to group companies	9	**–**	–	**142 019**	167 381
Other loans receivable	10	**8 366**	9 496	**9 343**	10 075
Other financial assets	11	**425 524**	856 571	**51 438**	34 703
Deferred tax	12	**17 578**	17 310	**–**	–
Prepayments		**1 659**	1 800	**–**	–
		1 855 213	1 428 019	**2 505 984**	2 318 941
Current assets					
Inventories	13	**64 181**	45 439	**–**	–
Biological assets	14	**54 323**	48 169	**–**	–
Loans to group companies	9	**–**	–	**89 159**	80 015
Other loans receivable	10	**26 771**	6 805	**1 650**	1 650
Current tax receivable		**1 591**	1 465	**992**	86
Trade and other receivables	15	**195 050**	96 482	**7 076**	12 114
Cash and cash equivalents	16	**625 024**	64 840	**1 084**	2 776
		966 940	263 200	**99 961**	96 641
Total assets		**2 822 153**	1 691 219	**2 605 945**	2 415 582
EQUITY AND LIABILITIES					
Equity					
Share capital	18	**403 177**	403 177	**403 177**	403 177
Reserves	19	**8 030**	8 034	**–**	–
Retained income		**866 286**	505 241	**1 575 562**	1 441 669
Equity attributable to equity holders of parent		**1 277 493**	916 452	**1 978 739**	1 844 846
Non-controlling interest		**760 627**	84 583	**–**	–
		2 038 120	1 001 035	**1 978 739**	1 844 846
LIABILITIES					
Non-current liabilities					
Loans from group companies	9	**–**	–	**89 962**	83 371
Other financial liabilities	20	**245 622**	253 004	**34 946**	31 233
Finance lease obligation	21	**2 549**	117	**–**	117
Operating lease liability	22	**1 274**	2 855	**–**	–
Deferred tax	12	**211 046**	299 102	**446 577**	422 846
Provisions	23	**811**	4 930	**–**	4 930
		461 302	560 008	**571 485**	542 497
Current liabilities					
Trade and other payables	24	**169 984**	74 262	**9 589**	5 116
Provisions	23	**27 642**	23 390	**6 764**	3 716
Other financial liabilities	20	**47 232**	12 587	**15 941**	9 636
Operating lease liability	22	**226**	35	**–**	–
Finance lease obligation	21	**259**	225	**–**	–
Current tax payable		**32 506**	9 906	**–**	–
Bank overdraft	16	**44 522**	9 771	**23 427**	9 771
		322 371	130 176	**55 721**	28 239
Liabilities of disposal groups	17	**360**	–	**–**	–
Total liabilities		**784 033**	690 184	**627 206**	570 736
Total equity and liabilities		**2 822 153**	1 691 219	**2 605 945**	2 415 582
Net asset value per share (cents)		260.00	186.52	402.72	375.47
Net tangible asset value per share (cents)		164.96	106.03	402.72	375.47

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Continuing operations					
Revenue	25	**1 052 196**	735 569	**101 512**	86 756
Cost of sales	26	**(654 210)**	(460 218)	**–**	–
Gross profit		**397 986**	275 291	**101 512**	86 756
Other income	27	**3 960**	2 712	**6 068**	1
Operating expenses		**(297 289)**	(168 960)	**(33 923)**	(21 226)
Gain/(loss) on disposal of subsidiary		**–**	1 034	**–**	(9 708)
Net impairments and impairment reversals	29	**(2 605)**	5 363	**31 788**	5 694
Gain on sale of business	30	**6 019**	–	**–**	–
Gain on bargain purchase	31	**11 898**	–	**–**	–
Fair value adjustments	32	**535 083**	194 947	**96 587**	1 118 407
Investment revenue	34	**23 903**	3 305	**68**	366
Finance costs	35	**(28 267)**	(26 194)	**(18 674)**	(16 183)
Income from equity-accounted investments		**30 203**	242	**–**	–
Profit before taxation	33	**680 891**	287 740	**183 426**	1 164 107
Taxation	36	**(155 029)**	(79 332)	**(23 729)**	(276 407)
Profit from continuing operations		**525 862**	208 408	**159 697**	887 700
Discontinued operations					
Profit/(loss) from discontinued operations	17	**2 810**	119	**–**	–
Profit for the year		**528 672**	208 527	**159 697**	887 700
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		**(4)**	–	**–**	–
Other comprehensive income for the year net of taxation		**(4)**	–	**–**	–
Total comprehensive income for the year		**528 668**	208 527	**159 697**	887 700
Profit attributable to:					
Owners of the parent:					
From continuing operations		**474 279**	216 504	**159 697**	887 700
From discontinued operations		**2 810**	119	**–**	–
		477 089	216 623	**159 697**	887 700
Non-controlling interest:					
From continuing operations		**51 583**	(8 096)	**–**	–
Total comprehensive income attributable to:					
Owners of the parent		**477 085**	216 623	**159 697**	887 700
Non-controlling interest		**51 583**	(8 096)	**–**	–
		528 668	208 527	**159 697**	887 700
Earnings per share					
From continuing and discontinued operations					
Basic earnings per share (cents)	37	**97.10**	44.09	**–**	–
Diluted earnings per share (cents)	37	**97.10**	44.09	**–**	–
From continuing operations					
Basic earnings per share (cents)	37	**96.53**	44.07	**–**	–
Diluted earnings per share (cents)	37	**96.53**	44.07	**–**	–
From discontinued operations					
Basic earnings per share (cents)	37	**0.57**	0.02	**–**	–
Diluted earnings per share (cents)	37	**0.57**	0.02	**–**	–

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2017

	Share capital R'000	Share premium R'000	Total share capital R'000	Foreign currency translation reserve R'000
Group				
Balance at 1 September 2015	30	403 147	403 177	–
Profit for the year	–	–	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Dividends	–	–	–	–
Changes in ownership interest	–	–	–	–
Changes in ownership interest	–	–	–	–
Total contributions by and distributions to owners of company recognised directly in equity	–	–	–	–
Balance at 1 September 2016	30	403 147	403 177	–
Profit for the year	–	–	–	–
Other comprehensive income	–	–	–	(4)
Total comprehensive income for the year	–	–	–	(4)
Dividends	–	–	–	–
Changes in ownership interest – control not lost	–	–	–	–
Business combinations	–	–	–	–
Total contributions by and distributions to owners of company recognised directly in equity	–	–	–	–
Balance at 31 August 2017	30	403 147	403 177	(4)
Note(s)	18	18	18	
Company				
Balance at 1 September 2015	30	403 147	403 177	–
Profit for the year	–	–	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Dividends	–	–	–	–
Total contributions by and distributions to owners of company recognised directly in equity	–	–	–	–
Balance at 1 September 2016	30	403 147	403 177	–
Profit for the year	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Dividends	–	–	–	–
Total contributions by and distributions to owners of company recognised directly in equity	–	–	–	–
Balance at 31 August 2017	30	403 147	403 177	–
Note(s)	18	18	18	

Other NDR R'000	Total reserves R'000	Retained income R'000	Total attributable to equity holders of the group/ company R'000	Non-controlling interest R'000	Total R'000
8 034	8 034	300 895	712 106	92 443	804 549
–	–	216 623	216 623	(8 096)	208 527
–	–	–	–	–	–
–	–	216 623	216 623	(8 096)	208 527
–	–	(12 292)	(12 292)	(2 234)	(14 526)
–	–	15	15	50	(35)
–	–	–	–	2 520	2 520
–	–	(12 277)	(12 277)	236	12 041
8 034	8 034	505 241	916 452	84 583	1 001 035
–	–	477 089	477 089	51 583	528 672
–	(4)	–	(4)	–	(4)
–	(4)	477 089	477 085	51 583	528 668
–	–	(25 804)	(25 804)	(5 985)	(31 789)
–	–	(91 355)	(91 355)	620 544	529 189
–	–	1 115	1 115	9 902	11 017
–	–	(116 044)	(116 044)	624 461	508 417
8 034	8 030	866 286	1 277 493	760 627	2 038 120
–	–	566 261	969 438	–	969 438
–	–	887 700	887 700	–	887 700
–	–	–	–	–	–
–	–	887 700	887 700	–	887 700
–	–	(12 292)	(12 292)	–	(12 292)
–	–	(12 292)	(12 292)	–	(12 292)
–	–	1 441 669	1 844 846	–	1 844 846
–	–	159 697	159 697	–	159 697
–	–	159 697	159 697	–	159 697
–	–	(25 804)	(25 804)	–	(25 804)
–	–	(25 804)	(25 804)	–	(25 804)
–	–	1 575 562	1 978 739	–	1 978 739

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Cash flows from operating activities					
Cash receipts from customers		**970 806**	768 451	**82 366**	69 478
Cash paid to suppliers and employees		**(897 328)**	(682 066)	**(47 817)**	(32 694)
Cash generated from operations	38	**73 478**	86 385	**34 549**	36 784
Interest revenue		**23 903**	3 305	**68**	–
Dividend revenue		**30 064**	30 045	**46 122**	33 312
Finance costs		**(28 267)**	(26 188)	**(18 674)**	(16 183)
Tax paid	37	**(19 646)**	(18 170)	**(904)**	(1 397)
Non-cash interest received and dividends received		**–**	–	**(30 000)**	(25 228)
Net cash from operating activities		**79 532**	75 377	**31 161**	27 288
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(25 572)**	(12 491)	**–**	(18)
Sale of property, plant and equipment	3	**1 087**	27	**–**	–
Purchase of other intangible assets	5	**(1 859)**	(2 060)	**–**	–
Business combinations	50	**(1 559)**	–	**–**	–
Sale of businesses	28	**(2 300)**	(4 299)	**–**	–
Loans to group companies repaid		**–**	–	**–**	11 003
Loans advanced to group companies		**–**	–	**(30 657)**	(48 962)
Proceeds from loans from group companies		**–**	–	**21 186**	29 500
Repayment of loans from group companies		**–**	–	**(1 552)**	(10 000)
Purchase of financial assets		**(14 118)**	(136 509)	**(13 477)**	(10 000)
Sale of financial assets		**–**	20 000	**–**	20 000
Dividend received from associate		**16 183**	–	**–**	–
Advances to loans receivable		**(1 572)**	(4 799)	**(1 512)**	(4 483)
Proceeds from loans receivable		**309**	2 168	**309**	141
Net cash from investing activities		**(29 341)**	(137 963)	**(25 703)**	(12 819)
Cash flows from financing activities					
Repayment of other financial liabilities		**(44 787)**	(59 789)	**(14 880)**	(55 074)
Proceeds from other financial liabilities		**45 519**	171 704	**19 995**	50 070
Change in ownership		**507 518**	–	**–**	–
Finance lease payments		**(1 219)**	135	**(117)**	(90)
Dividends paid	57	**(25 804)**	(13 042)	**(25 804)**	(12 292)
Dividend paid to minorities		**(5 985)**	–	**–**	–
Net cash from financing activities		**475 242**	99 008	**(20 806)**	(17 386)
Total cash movement for the year		**525 433**	36 422	**(15 348)**	(2 917)
Cash at the beginning of the year		**55 069**	18 647	**(6 995)**	(4 078)
Total cash at the end of the year	16	**580 502**	55 069	**(22 343)**	(6 995)

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with IFRS, SAICA financial reporting guides issued by the Accounting Practices Committee, the Financial Reporting Procurements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act, as amended and the Listings Requirements of the JSE Ltd. The annual financial statements have been prepared on the historical cost basis, except where otherwise stated and incorporate the principle accounting policies set out below.

These accounting policies are consistent with the previous year.

Adoption of new and revised standards
No standards, interpretations and amended standards not yet effective at reporting date have been adopted during the year.

1.1 UNDERLYING CONCEPTS

The financial statements are prepared on the going-concern basis, which assumes that the Group and Company will continue in operation for the foreseeable future.

The financial statements are prepared using accrual accounting whereby the effects of transactions and other events are recognised when they occur, rather than when the cash is received or paid. Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are only offset when there is a legally enforceable right to offset, and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements. Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, they are applied retrospectively. If, after making every reasonable effort to do so, it is impracticable to apply the change retrospectively, it is applied prospectively from the beginning of the earliest period practicable.

Changes in accounting estimates are adjustments to assets or liabilities or the amounts of periodic consumption of assets that result from new information or new developments. Such changes are recognised in profit or loss in the period they occur.

1.2 CONSOLIDATION

Basis of consolidation
The consolidated annual financial statements incorporate the annual financial statements of the Group and all investees which are controlled by the Group.

The Group has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.2 CONSOLIDATION (CONTINUED)

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal Group) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill or gain on acquisition is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

The excess of the cost of the investment over the Group's share of net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

On disposal of a subsidiary, associate or joint venture to which goodwill was allocated on acquisition, the amount attributable to such goodwill is included in the determination of the profit or loss for the period in which the relevant investment is disposed.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.2 CONSOLIDATION (CONTINUED)

Business combinations (continued)

Common controlled transactions assets and liabilities of the acquiree are recognised at the previous carrying amounts and no adjustments are made to reflect fair values and no new assets, including goodwill and liabilities of the acquiree are recognised at the date of the business combination.

Investment in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried at cost less any accumulated impairment loss in the consolidated statement of financial position plus the Group's share of the post- acquisition profit or loss. Dividend received from the associates are accounted for against the carrying value of the investment.

Losses in an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment; however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest therein.

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

When the Group acquires significant influence over an investment, previously held at fair value through profit and loss, it is initially recognised at fair value on the date it becomes an investment in associate which is deemed the cost. This deemed cost is less any impairment loss plus the post acquisition adjustments in the Group's share of net assets of the associate. Any gains or losses on deemed disposal of an investment is accounted for directly in the statement of profit and loss.

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint ventures

An interest in a joint venture is accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, interests in joint ventures are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Company's share of net assets of the joint venture, less any impairment losses. Profits or losses on transactions between the Company and a joint venture are eliminated to the extent of the Company's interest therein.

When the Company loses joint control, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.2 CONSOLIDATION (CONTINUED)

Joint operations

The Company recognises the following in relation to its interests in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgements are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Property, plant and equipment

The Group assesses the useful lives, depreciation rates and residual value of these assets at each reporting date. These estimates take cognisance of current market and trading conditions for the Group's specific assets. In addition, the useful life estimates take into account the risk of obsolescence due to advances in technology.

Intangible assets

The Group and Company assesses the useful lives and amortisation rates at each reporting date. This judgement is based on the market and trading conditions for the Group and Company, management's expectations and strategy for the use of the intangible, as well as by performance indicators, including sales growth rate and operating margins, of cash-generating units which use the intangible.

Biological assets

Abalone is weighed and graded into specific different size categories at regular intervals. A predicted growth rate for the abalone is determined based on the actual weight of the abalone which has been weighed and graded at the birth date of the abalone. As at the reporting date, a combination of graded figures and predicted figures (those awaiting their latest grade interval) is then used to determine the weight and graded size categories of the abalone. The value of the stock is then determined based on the market value of each grading size category for the abalone. All selling costs are excluded from fair values.

Allowance for slow-moving, damaged and obsolete inventory

Management made estimates of the selling price and the direct cost to sell on certain inventory items at year-end by reviewing subsequent selling prices.

Intangible assets – estimated useful life of licence and distribution rights

The licence and distribution rights with allocated rights acquired via a business combination during the past and current financial year are not subject to amortisation and are tested annually for impairment as the Group is of the opinion that the licences and distribution rights can be renewed in perpetuity at negligible cost and the associated rights, similar to land have an indefinite useful life. The estimated economic useful life reflects the Group's expectation of the period over which the Group will continuously recover the benefits from the licence and the distribution agreements.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment testing

Assets are subject to regular impairment reviews as required. Impairments are measured as the difference between the cost (or amortised cost) of a particular asset and the recoverable amount which is the greater of the fair value less cost to sell and value in use of the asset. Impairments are recorded in the statement of comprehensive income in the period in which the occur. The Group's policy in relation to impairment testing in respect of goodwill is detailed below.

The recoverable amount of the cash-generating units has been determined based on a value-in-use calculation. Key assumptions applied to determine the recoverable amount of the cash-generating units, using the value in-use calculation relating to sales growth rates, working capital requirements and capital expenditure. Cash flow projections were based on historical information and financial budgets approved by senior management covering a five-year period.

The following assumptions were utilised:

Fishing and brands division
Pre-tax discount rates: 14% – 22%
Number years: 5
Growth rate: 4.5%

Events and tourism division
Pre-tax discount rates: 22% – 29%
Number years: 5
Growth rate: 4.5%

Technology division
Pre-tax discount rates: 16% – 25%
Number years: 5
Growth rate: 4.5%

Health and beauty division
Pre-tax discount rates: 15% – 26%
Number years: 5
Growth rate: 4.5%

Biotechnology division
Pre-tax discount rates: 26% – 30%
Number of years: 5 – 10
Growth rate: 4.5%

Normal taxation and deferred tax

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income were based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the statement of financial position date could be impacted.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Investments in subsidiaries

Valuation method

An entity discounted cash flow (DCF) valuation technique is used for all unlisted investments. Price/earnings and dividend yield valuations are not used as a primary method due to lack of sufficient comparable information and are thus only used as a secondary review.

Application of methodology

Free cash flow (FCF) forecasts are prepared year by year for a minimum of a three-year period and for high-growth companies year-by-year forecasts for a period of five years are prepared, whereafter a terminal value will be calculated.

Terminal value growth rates

When calculating the terminal value, growth rates in excess of the current inflation rate are not utilised. Real growth beyond ten years is not likely, and even if likely is difficult to forecast with any certainty.

Terminal values

When calculating the terminal value, care is taken regarding the level of net capital investment assumed. This is assumed to be lower than during the specific forecast period for high-growth companies. For mature, stable companies net capital investment during the specific forecast period and beyond is assumed to be the same.

Discount rate

Free cash flows are discounted at the Company's weighted average cost of capital (WACC), being the weighted cost of equity (as determined using the capital asset pricing model (CAPM)) and the weighted after-tax cost of debt.

Risk-free rate

The risk-free rate utilised is the current yield on long-term government bonds. For purposes of the valuations the R186 government bond has been used. These yields were obtained from the financial press at the time of preparing the valuations.

Beta

The equally weighted average of the relevant industry betas together with professional judgement is used. The betas are calculated over a five-year period (where possible). This is assumed to provide a fair estimate of the Group's recent market risk.

Market risk premium

A market risk premium was utilised in all valuations.

Value of equity

The value of equity will be equal to the free cash flow value of the entity, less the statement of financial position values (at valuation date) of debt and any other form of financing, plus any cash on hand (per the statement of financial position) which is in excess of normal working capital requirements.

Fair value determination

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques mentioned above. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Discounted cash flows are used to determine fair value for the investments in subsidiary companies and other unlisted investments. The use of a discounted cash flow analysis requires the estimation of a number of significant components, including the future expected cash flows, and the weighted average cost of capital used to perform the discounting. Many of these factors may have a material impact on the valuation.

Subsidiaries consolidated when less than 50% interest is held

The Group consolidates subsidiaries with an effective interest of less than 50% when the Group has control and power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Subsidiaries consolidated when less than 50% interest is held (continued)

The Group has consolidated its subsidiaries in which it holds less than 50% because of additional voting powers granted to the parent company in the shareholders' agreement.

Investment in equity-accounted investments

Losses from equity-accounted investments in excess of the Group's interest are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the investments held in equity-accounted investments. Additionally, an investment in an associate is recognised when the Group has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

When the Group obtains significant influence of an investment previously held at fair value through profit and loss, the Group accounts for investments in associates at fair value in line with business combinations, which is deemed to be the cost. This deemed cost is adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any impairment losses. Gains or losses on deemed disposals of an investment previously held as an investment at fair value through profit and loss is accounted for directly in the profit or loss.

1.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost, including transaction costs as intended by management to bring the assets into use, less accumulated depreciation and any impairment losses. Depreciation is calculated on the straight-line method at a rate considered appropriate to reduce the carrying value of an item over its useful life to its estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Broadcast mast	10 years
Buildings	5 – 40 years
Computer equipment	1 – 8 years
Computer software	2 – 5 years
Furniture and fixtures	2 – 20 years
Laboratory equipment	8 years
Land	Indefinite
Leasehold improvements	5 – 40 years
Motor vehicles	5 – 10 years
Office equipment	3 – 21 years
Pharmaceutical books	3 – 7 years
Plant and machinery	1 – 36 years
Studio equipment	5 years
Vessels	3 – 32 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.5 BIOLOGICAL ASSETS

Biological assets consist of abalone cultivated at an aquaculture farm and are measured at their fair value less estimated point-of-sale costs.

Any gains or losses arising from measurement on initial recognition or from a subsequent change in fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

1.6 INTANGIBLE ASSETS

Intangible assets which are separately acquired are initially recognised at cost, being their purchase prices after adding any directly attributable costs of preparing the assets to be capable of operating in the manner intended by management.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets with a finite useful life are carried at cost less any accumulated amortisation and any impairment losses.

Intangible assets with an indefinite useful life are not amortised, but are reviewed on an annual basis for indications that continue to support an indefinite useful life assessment. Internally generated intangible assets are recognised for costs incurred in the development phase of an internal project.

Software development costs, which are generated internally, are initially measured at cost, being all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management, and are subsequently carried at cost after taking into account any accumulated amortisation and accumulated impairment losses, where applicable.

Costs incurred in the research phase are included in the calculation of profit or loss for the period in which they are incurred.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

The amortisation period, residual values and the amortisation method for intangible assets are reviewed at every year-end.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.6 INTANGIBLE ASSETS (CONTINUED)

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Biosimilar drug under development	20 years
Distribution rights	Indefinite
Fishing quotas	4 – 7 years
Licences and technologies	20 years
Novel compounds	20 years
Patents and trademarks	4 – 20 years
Pharmaceutical dossiers	20 years
Radio licence	Indefinite
Software development	10 years

1.7 FINANCIAL INSTRUMENTS

Initial recognition and measurement

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

The Group's principal financial assets are various investments, loans receivable, trade and other receivables and bank and cash balances. The Group's principal financial liabilities are interest-bearing and non-interest-bearing loans payable, trade and other payables and bank overdrafts.

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Derecognition of financial assets and financial liabilities

Financial assets or parts thereof are derecognised when:

- the right to receive the cash flows has expired;
- the right to receive the cash flows is retained, but an obligation to pay them to a third party under a "pass-through" arrangement is assumed; or
- the Group transfers the right to receive the cash flows, and also transfers either all the risks and rewards, or control over the asset.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expired.

Financial instruments designated as at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets designated as at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned.

Investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are included in profit or loss for the period.

Transaction costs are recognised in profit or loss. Dividend income is recognised in the statement of comprehensive income as part of other income when the Group's right to receive payment is established.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.7 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments designated as at fair value through profit or loss (continued)

Listed financial instruments are valued using the last traded price before reporting date. No adjustments have been made to the last traded price.

Loans to/(from) Group companies

These include loans to (from) holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loan at the date the impairment is reversed shall not exceed what the amortised cost would have been, had the impairment not been recognised.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise. Derivatives are classified as financial assets at fair value through profit or loss – held for trading.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.8 TAX

Current tax assets and liabilities

The tax expense for the year comprises current and deferred tax. Taxation is recognised in profit or loss.

The current income tax charge is calculated on the basis of tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

Deferred taxation is provided for at the tax rates that are expected to apply in the period in which the liability is settled of the asset realised, based on tax rates enacted or substantively enacted by the reporting date.

A full provision is made for all the temporary differences between the tax base of an asset or liability and its carrying amount.

Where the tax effects of temporary differences arising from computed tax losses give rise to a deferred tax asset, the asset is recognised only to the extent that future taxable profit will be probable against which the tax losses can be utilised.

1.9 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Items leased in terms of finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Any contingent rents are expensed in the period they are incurred.

1.10 INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis.

Finished goods and work in progress include labour costs and an appropriate portion of related fixed and variable overhead expenses based on the normal level of activity.

Obsolete, redundant and slow-moving items are identified on a regular basis and written down to their estimated net realisable value.

1.11 NON-CURRENT ASSETS HELD FOR SALE (AND) (DISPOSAL GROUPS)

Non-current assets and disposal groups are classified as held for sale or held for distribution when their carrying amount will be recovered principally through a sale transaction or distribution rather than through continuing use. Non-current assets and disposal groups are classified in this category only when the sale or distribution is considered to be highly probable.

Non-current assets (or disposal groups) held for sale distribution to owners are measured at the lower of their carrying amount and fair value less costs to sell.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.12 IMPAIRMENT OF ASSETS

The Group and Company assess at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the Group and Company estimate the recoverable amount of the asset. The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group and Company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or Groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.13 SHARE CAPITAL AND EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.14 EMPLOYEE BENEFITS DEFINED CONTRIBUTION PLANS

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Other employee benefits

Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees with reference to services rendered up to statement of financial position date. The expense is recognised in the statement of comprehensive income of the period in which the employee renders the service.

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. An accrual is maintained for the appropriate proportion of the expected bonuses which would become payable at the year-end.

1.15 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been adjusted.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 56.

ACCOUNTING POLICIES (continued)

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.16 REVENUE

Included in revenue are net invoiced sales to customers for goods delivered, where title has passed. The revenue is raised excluding VAT.

Management fees, performance fees, and royalties are recognised on an accrual basis in accordance with the substance of the relevant agreements.

Cash dividends and the full cash equivalent of the dividends are recognised when the right to receive payment or transfer is established.

Interest is recognised on a time proportion basis, taking into account the principal outstanding debt and the effective rate over the period to maturity of the debt. The interest is accrued for when it becomes due to the Group and the Company.

Service revenue is recognised by reference to the stage of completion of the transaction at the statement of financial position date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value-added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the Company's right to receive payment has been established.

Quota usage revenue is recognised on a straight-line basis over the term of the agreement.

1.17 COST OF SALES

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.18 BORROWING COSTS

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the statement of financial position date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.19 TRANSLATION OF FOREIGN CURRENCIES (CONTINUED)

Foreign currency transactions (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in rand by applying to the foreign currency amount the exchange rate between the rand and the foreign currency at the date of the cash flow.

1.20 SEGMENTAL ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions with other Group segments. Segment results are determined before any adjustments for minority interests.

Segment assets and liabilities comprise the operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the Group's statement of financial position. Capital expenditure represents the total costs incurred during the period to acquire segment assets that are expected to be used during more than one period, namely property, plant and equipment, and intangible assets other than goodwill.

Business segments comprise the following, which are aggregated upon consolidation:

- Fishing and brands, being the Group's food and fishing interests;
- Health and beauty, being the Group's health-related manufacturing, distributions and wholesale;
- Technology, being the Group's various information technology interests;
- Events and tourism, being the Group's event management and travel agency interests;
- Biotechnology, being the Group's research and development in the biotechnology interests; and
- Corporate, being the Group's interest in its controlled and non-controlled investments.

Turnover comprises sales to customers and service rendered to customers.

1.21 EARNINGS PER SHARE

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, in respect of the year and is based on profit attributable to ordinary shareholders. Headline earnings per share is calculated in terms of the requirements set out in Circular 02/2015 issued by SAICA.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE EFFECTIVE DURING THE YEAR

AMENDMENT TO IFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURES: ANNUAL IMPROVEMENTS PROJECT

The amendment provides additional guidance regarding transfers with continuing involvement. Specifically, it provides that cash flows excludes cash collected which must be remitted to a transferee. It also provides that when an entity transfers a financial asset but retains the right to service the asset for a fee, that the entity should apply the existing guidance to consider whether it has continuing involvement in the asset.

The effective date of the Group is for years beginning on or after 1 January 2016.

The Group has adopted the amendment for the first time in the 2017 annual financial statements.

The impact of the amendment is not material.

AMENDMENT TO IAS 19 EMPLOYEE BENEFITS: ANNUAL IMPROVEMENTS PROJECT

The amendment clarifies that when a discount rate is determined for currencies where there is no deep market in high-quality corporate bonds, then market yields on government bonds in that currency should be used.

The effective date of the Group is for years beginning on or after 1 January 2016.

The Group has adopted the amendment for the first time in the 2017 annual financial statements.

The impact of the amendment is not material.

DISCLOSURE INITIATIVE: AMENDMENT TO IAS 1 PRESENTATION OF FINANCIAL STATEMENTS

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its annual financial statements. It also provides amended guidance concerning the order of presentation of the notes in the annual financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to profit or loss.

The effective date of the Group is for years beginning on or after 1 January 2016.

The Group has adopted the amendment for the first time in the 2017 annual financial statements.

The impact of the amendment is not material.

AMENDMENT TO IAS 34 INTERIM FINANCIAL REPORTING: ANNUAL IMPROVEMENTS PROJECT

The amendment allows an entity to present disclosures required by paragraph 16A either in the interim annual financial statements or by cross reference to another report, for example, a risk report, provided that other report is available to users of the annual financial statements on the same terms as the interim annual financial statements and at the same time.

The effective date of the Group is for years beginning on or after 1 January 2016.

The Group has adopted the amendment for the first time in the 2017 annual financial statements.

The impact of the amendment is not material.

AMENDMENTS TO IAS 16 PROPERTY, PLANT AND EQUIPMENT AND IAS 41 AGRICULTURE: BEARER PLANTS

The amendment defines bearer plants and include bearer plants within the scope of IAS 16 Property, Plant and Equipment. A bearer plant is defined as a living plant used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce. Bearer plants were previously within the scope of IAS 41 Agriculture.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The Group has adopted the amendment for the first time in the 2017 annual financial statements.

The impact of the amendment is not material.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE EFFECTIVE DURING THE YEAR (CONTINUED)

AMENDMENTS TO IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS, IFRS 12 DISCLOSURE OF INTEREST IN OTHER ENTITIES AND IAS 28 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES: APPLYING THE CONSOLIDATION EXEMPTION

The amendment clarifies the consolidation exemption for investment entities. It further specifies that an investment entity which measures all of its subsidiaries at fair value is required to comply with the "investment entity" disclosures provided in IFRS 12. The amendment also specifies that if an entity is itself not an investment entity and it has an investment in an associate or joint venture which is an investment entity, then the entity may retain the fair value measurement applied by such associate or joint venture to any of their subsidiaries.

The effective date of the Group is for years beginning on or after 1 January 2016.

The Group has adopted the amendment for the first time in the 2017 annual financial statements.

The impact of the amendment is not material.

IFRS 14 REGULATORY DEFERRAL ACCOUNTS

The new standard is an interim standard applicable to entities subject to rate regulation. The standard is only applicable to entities adopting IFRS for the first time. It permits entities to recognise regulatory deferral account balances in the statement of financial position. When the account has a debit balance, it is recognised after total assets. Similarly, when it has a credit balance, it is recognised after total liabilities. Movements in these accounts, either in profit or loss or other comprehensive income are allowed only as single line items.

The effective date of the standard is for years beginning on or after 1 January 2016.

The Group has adopted the standard for the first time in the 2017 annual financial statements.

The impact of the standard is not material.

AMENDMENT TO IAS 27 SEPARATE FINANCIAL STATEMENTS: EQUITY METHOD IN SEPARATE FINANCIAL STATEMENTS

The amendment adds the equity method to the methods of accounting for investments in subsidiaries, associates and joint ventures in the separate annual financial statements of an entity.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The Group has adopted the amendment for the first time in the 2017 annual financial statements.

The impact of the amendment is not material.

AMENDMENTS TO IAS 16 PROPERTY, PLANT AND EQUIPMENT AND IAS 38 INTANGIBLE ASSETS: CLARIFICATION OF ACCEPTABLE METHODS OF DEPRECIATION AND AMORTISATION

The amendment clarifies that a depreciation or amortisation method that is based on revenue that is generated by an activity that includes the use of the asset is not an appropriate method. This requirement can be rebutted for intangible assets in very specific circumstances as set out in the amendments to IAS 38.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The Group has adopted the amendment for the first time in the 2017 annual financial statements.

The impact of the amendment is not material.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THAT ARE NOT YET EFFECTIVE

IFRS 16 LEASES

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the Group are as follows:

Group as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short-term leases or leases where the underlying asset has a low value, which are expensed on a straight-line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THAT ARE NOT YET EFFECTIVE (CONTINUED)

IFRS 16 LEASES (CONTINUED)

- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 Leases.

Group as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

The effective date of the standard is for years beginning on or after 1 January 2019.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THAT ARE NOT YET EFFECTIVE (CONTINUED)

IFRS 16 LEASES (CONTINUED)

The Group expects to adopt the standard for the first time in the 2020 annual financial statements.

The impact of this standard is currently being assessed.

AMENDMENTS TO IFRS 2 SHARE-BASED PAYMENT: CLASSIFICATION AND MEASUREMENT OF SHARE-BASED PAYMENT TRANSACTIONS

The amendment now specifies the treatment of vesting and non-vesting conditions with regard to cash-settled share-based payment transactions. The treatment is essentially similar to the treatment of such conditions for equity-settled share-based payment transactions. That is, non-market vesting conditions are taken into consideration when estimating the number of awards which are expected to vest (and which ultimately vest), while market conditions and other non-vesting conditions are taken into consideration when determining the fair value of the share-based payment liability, both initially and subsequently.

The amendment also provides for share-based payment transactions with a net settlement feature for withholding tax obligations. Essentially, where the entity is required to withhold part of the equity instruments equal to the tax obligation, the entity is required to account for the payment to tax authorities as a reduction in equity, except to the extent that the payment exceeds the fair value of the equity instruments withheld at net settlement date. The entity should also disclose the amount that it expects to transfer to tax authorities in terms of such transactions.

The amendment further provides guidance in terms of modifications which convert cash-settled share-based payment transactions to equity-settled share-based payment transactions. For such modifications, the equity-settled share-based payment transaction is measured by reference to the fair value of the equity instruments granted at modification date, to the extent to which goods or services have been received. The liability for cash-settled share-based payment transactions is derecognised on the modification date. Any difference between the two is recognised immediately in profit or loss.

The effective date of the amendment is for years beginning on or after 1 January 2018.

The Group expects to adopt the amendment for the first time in the 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the Group's annual financial statements.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014, mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THAT ARE NOT YET EFFECTIVE (CONTINUED)

IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.

The effective date of the standard is for years beginning on or after 1 January 2018.

The Group expects to adopt the standard for the first time in the 2019 annual financial statements.

It is unlikely that the standard will have a material impact on the Group's annual financial statements.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 supersedes IAS 11 Construction Contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue – Barter Transactions Involving Advertising Services.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract

Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January 2018.

The Group expects to adopt the standard for the first time in the 2019 annual financial statements.

The impact of this standard is currently being assessed.

The Group is in the process of assessing the impact of the above standards and interpretations on the Group's financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	2017 Cost R'000	2017 Accumulated depreciation R'000	2017 Carrying amount R'000	2016 Cost R'000	2016 Accumulated depreciation R'000	2016 Carrying amount R'000
Broadcast mast	5 392	(1 113)	4 279	5 392	(574)	4 818
Buildings	6 027	(1 185)	4 842	5 396	(1 031)	4 365
Computer equipment	9 719	(7 201)	2 518	7 933	(6 053)	1 880
Computer software	2 316	(2 017)	299	2 167	(1 265)	902
Furniture and fixtures	4 949	(3 754)	1 195	4 550	(3 489)	1 061
Laboratory equipment	7 626	(5 769)	1 857	7 626	(5 048)	2 578
Land	3 470	–	3 470	3 470	–	3 470
Leasehold improvements	28 630	(20 429)	8 201	28 542	(19 044)	9 498
Motor vehicles	10 756	(7 217)	3 539	4 388	(3 449)	939
Office equipment	2 513	(2 253)	260	1 780	(1 466)	314
Plant and machinery	144 382	(99 192)	45 190	136 652	(94 953)	41 699
Studio equipment	4 177	(1 275)	2 902	3 062	(649)	2 413
Vessels	175 684	(99 709)	75 975	171 174	(98 025)	73 149
Total	405 641	(251 114)	154 527	382 132	(235 046)	147 086
COMPANY						
Furniture and fixtures	50	(10)	40	50	(4)	46
Motor vehicles	353	(276)	77	353	(206)	147
Office equipment	4	(4)	–	4	(4)	–
IT equipment	102	(94)	8	102	(89)	13
Computer software	33	(33)	–	36	(33)	3
Total	542	(417)	125	545	(336)	209

Reconciliation of property, plant and equipment

GROUP – 2017	Opening balance R'000	Additions R'000	Additions through business combi-nations R'000	Disposals R'000	Assets under con-struction R'000	Depreci-ation R'000	Total R'000
Buildings	4 365	631	–	–	–	(154)	4 842
Computer equipment	1 880	1 324	662	(302)	–	(1 046)	2 518
Computer software	902	334	–	(65)	–	(872)	299
Furniture and fixtures	1 061	77	237	(13)	–	(167)	1 195
Land	3 470	–	–	–	–	–	3 470
Studio and electronic equipment	2 413	1 647	–	(5)	–	(1 153)	2 902
Leasehold property	9 498	312	–	(23)	–	(1 586)	8 201
Motor vehicles	939	239	3 661	–	–	(1 300)	3 539
Office equipment	314	94	54	(9)	–	(193)	260
Laboratory equipment	2 578	–	–	–	–	(721)	1 857
Plant and machinery	41 699	2 216	1 509	(540)	4 519	(4 213)	45 190
Vessels	73 149	14 179	–	(2 286)	–	(9 067)	75 975
Broadcast mast	4 818	–	–	–	–	(539)	4 279
	147 086	21 053	6 123	(3 243)	4 519	(21 011)	154 527

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment (continued)

GROUP – 2016	Opening balance R'000	Additions R'000	Disposals R'000	Deprecia-tion R'000	Total R'000
Buildings	3 854	626	–	(115)	4 365
Computer equipment	1 710	1 210	(4)	(1 036)	1 880
Computer software	1 256	358	(47)	(665)	902
Furniture and fixtures	999	309	(19)	(228)	1 061
Land	3 470	–	–	–	3 470
Studio and electronic equipment	2 758	260	–	(605)	2 413
Leasehold property	11 136	60	–	(1 698)	9 498
Motor vehicles	820	393	–	(274)	939
Office equipment	286	143	–	(115)	314
Laboratory equipment	2 791	591	–	(804)	2 578
Plant and machinery	43 126	2 452	(60)	(3 819)	41 699
Vessels	76 465	5 487	(454)	(8 349)	73 149
Broadcast mast	4 751	602	–	(535)	4 818
	153 422	12 491	(584)	(18 243)	147 086

Reconciliation of property, plant and equipment

COMPANY – 2017	Opening balance R'000	Disposals R'000	Depreciation R'000	Total R'000
Computer equipment	**13**	**–**	**(5)**	**8**
Computer software	**3**	**(3)**	**–**	**–**
Furniture and fixtures	**46**	**–**	**(6)**	**40**
Motor vehicles	**147**	**–**	**(70)**	**77**
	209	**(3)**	**(81)**	**125**

Reconciliation of property, plant and equipment

COMPANY – 2016	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Computer equipment	–	15	(2)	13
Computer software	–	3	–	3
Furniture and fixtures	–	50	(4)	46
Motor vehicles	218	–	(71)	147
	218	68	(77)	209

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Pledged as security

Refer to notes 16 and 20 for further details of security provided over the above assets. In relation to the Company the total carrying amount of the motor vehicles is subject to the finance lease obligation, refer to note 20. The carrying amounts for assets pledged as security are as follows:

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Asset				
Broadcast mast	**4 279**	4 818	**–**	–
Computer equipment	**–**	–	**–**	–
Motor vehicles	**348**	495	**–**	–
Studio equipment	**1 862**	1 591	**–**	–
Vessels	**14 065**	15 671	**–**	–
Capital commitments				
Refer to note 42 for details relating to capital commitments.				
Assets subject to finance lease (carrying amount)				
Carrying value of motor vehicle	**348**	495	**76**	147
	20 902	23 070	**76**	147

Details of properties

15 Mail Street, Epping, Cape Town and measures 463 m^2 (Sectional title unit 753), Title Deed ST25977/2008.
Overstrand Municipality, Erf 1727 measuring 3.7 hectares, Title Deed T455052/2002.
Overstrand Municipality, Erf 3819 measuring 6 hectares, Title Deed T160/1938.

A register containing the information required by regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

Insurance

Comprehensive cover is taken out in relation to property, plant and equipment.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

4. GOODWILL

GROUP	2017 Cost R'000	2017 Accumulated impairment R'000	2017 Carrying value R'000	2016 Cost R'000	2016 Accumulated impairment R'000	2016 Carrying value R'000
Goodwill	**97 379**	**(14 439)**	**82 940**	71 271	(14 439)	56 832

Reconciliation of goodwill

GROUP – 2017	Opening balance R'000	Additions through business combinations R'000	Disposals through business divesture R'000	Total R'000
Goodwill	**56 832**	**30 739**	**(4 631)**	**82 940**

Reconciliation of goodwill

GROUP – 2016	Opening balance R'000	Total R'000
Goodwill	56 832	56 832

Goodwill acquired through business combinations have been allocated to individual cash-generating units for impairment testing as follows:

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Cash-generating units				
Technology division	**41 273**	15 615	**–**	–
Events and tourism division	**6 151**	6 151	**–**	–
Fishing and brands division	**18 165**	18 165	**–**	–
Biotechnology division	**16 901**	16 901	**–**	–
	82 940	56 832	**–**	–

The Group performs an annual impairment test on goodwill based on cash-generating units (CGU). The recoverable amount of each of the CGUs to which goodwill is allocated has been determined based on a value-in-use calculation which uses cash flow projections on financial forecasts approved by the Board of directors covering a five-year term.

The cash flow projections over the five year budget term are based on the assumption of the same expected gross margin and price inflation over the budget term.

Refer to note 29 for details of impairment testing.

Refer to note 50 for details of the business combination.

5. INTANGIBLE ASSETS

GROUP	2017 Cost R'000	2017 Accumulated amortisation R'000	2017 Carrying amount R'000	2016 Cost R'000	2016 Accumulated amortisation R'000	2016 Carrying amount R'000
Biosimilar drug under development	156 596	(3 276)	153 320	156 596	(3 276)	153 320
Distribution rights	44 797	–	44 797	–	–	–
Fishing quotas and web development	1 273	(1 242)	31	1 273	(1 224)	49
Licences and technologies	21 223	(16 138)	5 085	20 074	(15 661)	4 413
Software development	12 695	(12 560)	135	12 695	(12 564)	131
Novel Compound	135 152	(28)	135 124	135 152	(13)	135 139
Patents and trademarks	4 709	(120)	4 589	4 055	(112)	3 943
Pharmaceutical dossiers	33 284	(1 133)	32 151	33 228	(378)	32 850
Radio licence	8 795	–	8 795	8 795	–	8 795
Total	418 524	(34 497)	384 027	371 868	(33 228)	338 640

COMPANY	2017 Cost R'000	2017 Accumulated amortisation R'000	2017 Carrying amount R'000	2016 Cost R'000	2016 Accumulated amortisation R'000	2016 Carrying amount R'000
Trademarks	51	(26)	25	51	(23)	28

Reconciliation of intangible assets

GROUP – 2017	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Other changes, movements R'000	Amortisation R'000	Total R'000
Biosimilar drug under development	153 320	–	–	–	–	153 320
Distribution rights	–	–	44 797	–	–	44 797
Fishing quotas and web development costs	49	–	–	–	(18)	31
Novel compounds	135 139	–	–	–	(15)	135 124
Patents and trademarks	3 943	654	–	–	(8)	4 589
Pharmaceutical dossiers	32 850	56	–	–	(755)	32 151
Radio licence	8 795	–	–	–	–	8 795
Licences and technologies	4 413	1 149	–	–	(477)	5 085
Software development	131	–	–	1	3	135
	338 640	1 859	44 797	1	(1 270)	384 027

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

5. INTANGIBLE ASSETS (CONTINUED)

Reconciliation of intangible assets (continued)

GROUP – 2016	Opening balance R'000	Additions R'000	Disposals R'000	Non-cash flow additions R'000	Amorti-sation R'000	Reversal of impairment R'000	Total R'000
Biosimilar drug under development	147 639	45	–	–	(430)	6 066	153 320
Fishing quotas and web development costs	196	100	–	–	(215)	–	49
Novel compound	135 107	45	–	–	(13)	–	135 139
Patents and trademarks	77	1 354	–	2 520	(8)	–	3 943
Pharmaceutical dossiers	42 853	491	(9 265)	–	(1 229)	–	32 850
Radio licence	8 865	–	–	–	(70)	–	8 795
Licences and technologies	4 889	–	–	–	(476)	–	4 413
Software development	71	70	–	–	(10)	–	131
	339 697	2 105	(9 265)	2 520	(2 451)	6 066	338 640

Reconciliation of intangible assets

COMPANY – 2017	Opening balance R'000	Amortisation R'000	Total R'000
Patents, trademarks and other rights	**28**	**(3)**	**25**

Reconciliation of intangible assets

COMPANY – 2016	Opening balance R'000	Amortisation R'000	Total R'000
Patents, trademarks and other rights	30	(2)	28

Other information

Software development

In the technology division, software relating to developing software for ambulances, the eCCR system and a billing system is included under software development. The software is a programme for ambulances in order to assess the availability of beds at hospitals. If there are no available beds in the hospital the patient will be taken to a hospital with an available bed. Costs of R1 149 056 were capitalised to software development in relation to the ambulance software. The software is still under development and is not ready for use, therefore not amortised during the year under review. Amortisation of the software will commence once the programme is available for use.

Additionally, the eCCR system was internally developed and phase 1 was completed in the prior year. The product went live on 1 March 2016. Phase 2 began in October 2016, which entails further development of the product. Management has assessed the eCCR system which has a useful life of three years.

Based on the terms of the service contract to which the billing system relates, a notice period of one year is required to terminate the contract. As the contract has not been terminated, the billing system is assumed to have a carrying value of another year.

Software development costs have a remaining amortisation period of between one and ten years. The actual useful life is 10 years.

5. INTANGIBLE ASSETS (CONTINUED)

Fishing quotas

The fishing quota relates to a right to catch west coast rock lobster which was acquired from other rights holder. The duration of the fishing quota was up to the end of the prior financial year. These were held in the fishing and brands division.

Biosimilar drug under development

Development costs were incurred for the improvement in the production process of erythropoietin under the brand name of Repotin.

A biosimilar drug under development, granulocyte-colony stimulating factor technology (G-CSF), was acquired through business combination of Genius Biotherapeutics. This product is still under development and is not ready for pharmaceutical use, therefore not amortised. Amortisation will commence when the product is ready to be launched into the market. The product has been tested for impairment annually.

No development costs were incurred in developing an improved yield for the recombinant human erythropoietin production process during the financial year under review.

Internally generated intangible assets were recognised through business combination of Genius Biotherapeutics in prior years which includes recombinant human erythropoietin and human granulocyte-colony stimulating factor (G-CSF). This product is still under development and is not yet ready for use, therefore not amortised. Amortisation will commence when the product is available for use. These have been tested annually for impairment (refer to note 29). The reversal of impairment is as a result of the increase in recoverable amount due to the depreciation of the rand during the year as revenue streams from these drugs are to be made outside of South Africa.

Licences and technologies

The Group acquired the right to develop, manufacture and market a portfolio of biosimilar therapeutic proteins for global and local markets. This includes G-CSF technologies which do not have indefinite useful lives and the remaining period is 103 months.

Novel compounds

Intangible assets that were internally generated and were acquired through the business combination of Genius Biotherapeutics in prior years include dendritic cell vaccines (DCV).

The project has achieved success with regard to progress and funding from its holding company in the past year. Funding in relation to the project has been renewed and an additional R15 916 000 has been approved, of which R7 958 000 is being obtained by the Department of Trade and Industry (dti) to expand our focus into phase 1, being human safety trials. The development phase is drawing to a close in the following year.

Pharmaceutical dossiers

Additionally, in the 2014 financial year, through the business combination of Genius Biotherapeutics a pharmaceutical dossier was acquired under the registered product Repotin. These are currently being upgraded, thus not available for use. These have been tested for impairment annually.

Patents and trademarks

In the prior year, the Group acquired a patent formulation in the health and beauty division amounting to R2 520 000 with the consideration being an equity interest in Sekunjalo Health and Medical Commodities (Pty) Ltd. This patent enables the business unit to be positioned as a global manufacturer and distributor from its principal.

The trademarks are attributable to the registration costs of the South Atlantic Lobster and Sea Diamond brands. These brands are well established in the United States of America, Europe and East Asian markets. The trademarks are amortised over an estimated useful life of 4 to 15 years.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

5. INTANGIBLE ASSETS (CONTINUED)

Radio licence

The radio licence is recorded as an asset for rights acquired under the licence agreement. Licences acquired in a business combination are recognised at fair value at acquisition date. The radio licence is carried at cost and are not subject to amortisation, as it is considered to have an indefinite useful life. Radio broadcasting licences are issued by the Independent Broadcasting Authority of South Africa (ICASA). The stations directly own the radio licence as awarded by ICASA. Due to restrictions under South African legislation these licences are not transferable. The carrying values of this licence is tested annually for impairment.

The licence is granted by ICASA for a period of 10 years and is renewable. There is no limit on the number of times the licence can be renewed and ICASA has in its history never revoked a radio licence or denied a renewal of a radio licence. The cost to renew the broadcast licence is insignificant in relation to the economic benefits that are expected to arise from such licence. The licence operating agreement is expected to be renewed without any cost and therefore it does have an indefinite useful life.

Distribution rights

Distribution rights arose during the year from the business combinations for Orleans Cosmetics (Pty) Ltd in our health and beauty division and Kalula Communications (Pty) Ltd in our technology division.

The distribution rights obtained in relation to the health and beauty division arises from four contracts with international suppliers, which provides the Group with the ability to be the sole distributor of these skincare products.

The technology division obtained the distribution right concluded between Computer Aided Telephony Systems Ltd (CATS) incorporated in Switzerland and Plantronics B.V. a private limited liability company incorporated in the Netherlands. This distribution right regulates to the purchase of Plantronics products by CATS for resale by the Group.

There is no limit on the number of times above distribution rights can be renewed and based on historical information no distribution rights have never been revoked. Additionally, the cost to renew the distribution rights are insignificant in relation to the economic benefits that are expected to arise from the assets and the distribution rights are expected to be renewed without any cost and therefore have an indefinite useful life.

Intangible assets with indefinite useful lives or not yet in use

The radio licence and distribution rights were fair valued at the date of acquisition of Magic 828 (Pty) Ltd, Orleans Cosmetics (Pty) Ltd and Kalula Communications (Pty) Ltd resulting in the recognition of the intangible asset mentioned above.

Refer to note 29 for details on impairment tests and note 51 in relation to the fair value information.

6. INVESTMENTS IN SUBSIDIARIES

The investments in subsidiaries have been designated as at fair value through profit and loss.

COMPANY	Carrying amount 2017 R'000	Carrying amount 2016 R'000
Investments in subsidiaries	**2 303 034**	2 106 545

Breakdown of investment in subsidiaries are as follows:

	2017 R'000	2016 R'000
AYO Technology Solutions Ltd (previously known as Sekunjalo Technology Solutions Ltd)	**385 607**	298 834
African Biotechnological and Medical Innovation Investments (Pty) Ltd	**225 349**	150 051
AEEI Events and Tourism (Pty) Ltd	**19 432**	12 245
Premier Fishing and Brands Ltd (previously known as Sekunjalo Industrial Holdings (Pty) Ltd)	**593 450**	1 013 185
Kilomax (Pty) Ltd	**864 419**	409 186
Sekunjalo Consumer Products (Pty) Ltd	**103 821**	182 920
Wynberg Pharmaceuticals (Pty) Ltd	**15 000**	15 000
Orleans Cosmetics (Pty) Ltd	**34 830**	–
Opispex (Pty) Ltd	**4 225**	–
AEEI Properties (Pty) Ltd	**3 822**	3 822
Magic 828 (Pty) Ltd	**3 504**	3 503
Bowwood and Main No 180 (Pty) Ltd	**49 575**	17 798
	2 303 034	2 106 545

Subsidiaries with less than 50% share capital held

The Group holds less than 50% of the issued share capital in Saratoga Software (Pty) Ltd. In the current year, the Group disposed of the operations of Saratoga Software (Pty) Ltd. The operations have been reclassified to non-current assets held for sale in the prior year. The effects of the reclassification are outlined in note 52. The Group consolidated Saratoga Software (Pty) Ltd as it controls the company due to the additional voting powers granted to the parent company in the shareholders' agreement. The effective holding in Saratoga Software (Pty) Ltd is 40% (2016: 40%).

The Group holds less than 50% of the issued share capital in Magic 828 (Pty) Ltd. The Group consolidated Magic 828 (Pty) Ltd as the Group has the ability to use its power over the investee to affect the amount of the investor's return as it controls the company. The effective holding in Magic 828 (Pty) Ltd is 40% (2016: 40%).

Refer to note 50 for detail on the business combination.

Refer to information on subsidiaries in note 49.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Changes in ownership interest which did not result in loss of control

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
The following schedule represents the impact of changes in ownership interest of subsidiaries where control was not lost, on the equity attributable to owners of the Group:				
As part of the consideration for the purchase of Kalula Communications (Pty) Ltd t/a Headsets Solutions the sellers would obtain 6.5m ordinary shares in AYO Technology Solutions Ltd (AYO) on 1 September 2016. Additionally, as a contingent acquisition consideration paid to the sellers of Puleng Technologies (Pty) Ltd, the Group would issue 3.6m ordinary shares in AYO on 01 October 2016. These items resulted in the Groups shareholding being diluted from 84.03% to 80.03%.	**(4 252)**	–	**–**	–
Rights issue resulted in the Group obtaining an additional 9027 shares in Bioclones (Pty) Ltd from non-controlling interest, increasing ownership interest from 49.99% to 73.69%	**19 118**	–	**–**	–
Dilution of shareholding in Premier Fishing and Brands Limited (formerly Sekunjalo Industrial Holdings) to minority interest, reducing ownership from 100% to 55%	**(106 221)**	–	**–**	–
	(91 355)	–	**–**	–

Subsidiaries with material non-controlling interests

The following information is provided for subsidiaries with non-controlling interests which are material to the reporting company. The summarised financial information is provided prior to inter-company eliminations.

Subsidiary	Country of incorporation	% ownership interest held by non-controlling interest 2017	2016
Saratoga Software (Pty) Ltd Group	RSA	**60.00**	60.00
Genius Biotherapeutics	RSA	**26.31**	50.01
Magic 828 (Pty) Ltd	RSA	**59.99**	59.99
Puleng Technologies (Pty) Ltd	RSA	**43.00**	–
Kalula Communications (Pty) Ltd	RSA	**49.00**	–
Premier Fishing and Brands Ltd	RSA	**45.00**	–

Refer to change in ownership above for changes in shareholding of minority interest listed above.

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

2017

Summarised statement of financial position	Non-current assets R'000	Current assets R'000	Total assets R'000	Non-current liabilities R'000	Current liabilities R'000	Total liabilities R'000	Carrying amount of non-controlling interest R'000
Saratoga Software Group	9 569	37 221	46 790	81	13 643	13 724	20 120
Magic 828 (Pty) Ltd	6 389	3 457	9 796	23 023	1 877	24 900	(5 230)
Puleng Technologies (Pty) Ltd	977	98 091	99 068	–	79 473	79 473	8 426
Kalula Communications (Pty) Ltd	4 017	22 428	26 445	2 808	18 065	20 873	6 214
Premier Fishing and Brands Ltd	230 157	730 806	960 963	82 310	107 556	189 866	642 055
Total	251 109	892 003	1 143 112	108 222	220 614	328 836	671 585
Non-controlling interest in all other subsidiaries							89 042
Non-controlling interest per statement of financial position							760 627

The difference between the carrying amount of non-controlling interest and the non-controlling interest's proportionate share of the net assets of the subsidiary is represented by goodwill.

Summarised statement of profit or loss and other comprehensive income	Revenue R'000	Profit/(loss) before tax R'000	Tax expense R'000	Profit/(loss) R'000	Other comprehensive income R'000	Total comprehensive income R'000	Profit/(loss) allocated to non-controlling interest R'000
Saratoga Software Group	68 967	11 954	(3 132)	8 822	(4)	8 818	7 137
Magic 828 (Pty) Ltd	4 339	(7 072)	1 980	(5 092)	–	(5 092)	(3 055)
Puleng Technologies (Pty)Ltd	251 134	17 844	(4 996)	12 848	–	12 848	5 524
Kalula Communications (Pty) Ltd	67 207	926	(272)	654	–	654	320
Premier Fishing and Brands Ltd	410 733	94 843	(26 743)	68 100	–	68 100	22 318
Total profit or loss allocated to non-controlling interest	802 380	118 495	(33 163)	85 332	(4)	85 328	32 244
Profit or loss allocated to non-controlling interest of other subsidiaries							19 339
Total profit/(loss) allocated to non-controlling interest							51 583

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Subsidiaries with material non-controlling interests (continued)

2017

Summarised statement of cash flows	Cash flow from operating activities R'000	Cash flow from investing activities R'000	Cash flow from financing activities R'000	Net increase/ (decrease) in cash flow R'000	Dividend paid to non-controlling interest R'000
Saratoga Software Group	12 121	(1 334)	(8 170)	2 617	4 870
Magic 828 (Pty) Ltd	(8 263)	2 427	5 602	(234)	–
Puleng Technologies (Pty)Ltd	17 589	(261)	(2 613)	14 715	1 106
Kalula Communications (Pty) Ltd	(1 329)	(19)	(1 063)	(2 411)	–
Premier Fishing and Brands Ltd	41 558	(45 692)	504 551	500 417	–
Total	61 676	(44 879)	498 307	515 104	5 976

2016

Summarised statement of financial position	Non-current assets R'000	Current assets R'000	Total assets R'000	Non-current liabilities R'000	Current liabilities R'000	Total liabilities R'000	Carrying amount of non-controlling interest R'000
Saratoga Software Group	13 990	28 403	42 393	805	12 382	13 187	18 161
Genius Biotherapeutics	350 375	2 306	352 681	256 481	1 193	257 674	58 908
Magic 828 (Pty) Ltd	4 077	1 712	5 789	313	15 437	15 750	2 551
Total	368 442	32 421	400 863	257 599	29 012	286 611	79 620
Non-controlling interest in all other subsidiaries							4 963
Non-controlling interest per statement of financial position							84 583

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

2016

Summarised statement of profit or loss and other comprehensive income	Revenue R'000	Profit before tax R'000	Tax expense R'000	Profit/ (loss) R'000	Profit/ (loss) allocated to non-controlling interest R'000
Saratoga Software Group	117 325	8 607	(1 947)	6 660	538
Genius Biotherapeutics	4	(17 140)	(1 699)	(18 340)	(13 082)
Magic 828 (Pty) Ltd	4 209	(10 487)	3 849	(6 636)	(3 981)
Total	121 538	(19 020)	203	(18 316)	(16 525)
Profit or loss allocated to non-controlling interest of other subsidiaries					8 429
Total profit or loss allocated to non-controlling interest					(8 096)

Summarised statement of cash flows	Cash flow from operating activities R'000	Cash flow from investing activities R'000	Cash flow from financing activities R'000	Net increase/ (decrease) in cash flow R'000	Dividend paid to non-controlling interest R'000
Saratoga Software Group	4 223	(280)	(4 118)	(175)	400
Genius Biotherapeutics	(24 002)	24 151	225	374	–
Magic 828 (Pty) Ltd	(9 452)	(337)	9 938	149	–
Total	(29 231)	23 534	6 045	348	400

7. INVESTMENT IN ASSOCIATES

The following table lists all of the associates in the Group:

GROUP

		% ownership interest		Carrying amount	
Name of company	**Held by**	**2017**	**2016**	**2017**	**2016**
BT Communication Services South Africa (Pty) Ltd	Kilomix (Pty) Ltd	**30.00**	–	**780 559**	–
Emergent Energy (Pty) Ltd	AYO Technology Solutions Ltd	**33.00**	33.00	**–**	169
				780 559	169

During the year, BT Communications Services South Africa (Pty) Ltd (BT) was accounted for as an investment in associate from being previously accounted for as an investment at fair value through profit and loss reflected in other financial assets. The change in classification is as a result of the rearrangement in composition of the Board of directors of BT on 23 November 2016, resulting in significant influence as the Group obtained the ability to partake in decisions in relation to dividend returns and the policy thereof. The investment in BT was recorded at fair value up to 23 November 2016, which is considered to be the deemed cost when significant influence was obtained.

During the year under review management committed to a plan in order to dispose of the Group's investment in Emergent Energy (Pty) Ltd. Accordingly the investment was reclassified to non-current assets held for sale. Refer to note 17 in relation to non-current assets held for sale and discontinued operations.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

7. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information of associate

Summarised statement of profit or loss and other comprehensive income	BT Communications Services South Africa (Pty) Ltd 2017 R'000	BT Communications Services South Africa (Pty) Ltd 2016 R'000	Emergent Energy (Pty) Ltd 2017 R'000	Emergent Energy (Pty) Ltd 2016 R'000	Total 2017 R'000	Total 2016 R'000
Revenue	**1 038 210**	–	**–**	25 011	**1 038 210**	25 011
Other income and expenses	**(880 191)**	–	**–**	(23 704)	**(880 191)**	(23 704)
Profit before tax	**158 019**	–	**–**	1 307	**158 019**	1 307
Tax expense	**(55 307)**		**–**	(366)	**(55 307)**	(366)
Profit/(loss) from continuing operations	**102 712**	–	**–**	941	**102 712**	941
Total comprehensive income	**102 712**	–	**–**	941	**102 712**	941

Summarised statement of financial position	BT Communications Services South Africa (Pty) Ltd 2017 R'000	BT Communications Services South Africa (Pty) Ltd 2016 R'000	Emergent Energy (Pty) Ltd 2017 R'000	Emergent Energy (Pty) Ltd 2016 R'000	Total 2017 R'000	Total 2016 R'000
Assets						
Non-current	**218 228**	–	**–**	257	**218 228**	257
Current	**857 820**	–	**–**	8 128	**857 820**	8 128
Total assets	**1 076 048**	–	**–**	8 385	**1 076 048**	8 385
Liabilities						
Non-current	**42 631**	–	**–**	–	**42 631**	–
Current	**356 527**	–	**–**	6 069	**356 527**	6 069
Total liabilities	**399 158**	–	**–**	6 069	**399 158**	6 069
Total net assets	**676 890**	–	**–**	2 316	**676 890**	2 316

Reconciliation of net assets to equity-accounted investments in associates	BT Communications Services South Africa (Pty) Ltd 2017 R'000	BT Communications Services South Africa (Pty) Ltd 2016 R'000	Emergent Energy (Pty) Ltd 2017 R'000	Emergent Energy (Pty) Ltd 2016 R'000	Total 2017 R'000	Total 2016 R'000
Profit for the year	**30 814**	–	**–**	235	**30 814**	235
Portion of net assets	**749 745**	–	**–**	579	**749 745**	579
Carrying value of investment in associate	**780 559**	–	**–**	814	**780 559**	814
Investment at beginning of the year	**–**	–	**814**	9	**814**	9
Deemed cost upon change in ownership	**765 928**	–	**–**	–	**765 928**	–
Disposals	**–**	–	**(814)**	–	**(814)**	805
Share of profit	**30 814**	–	**–**	805	**30 814**	–
Dividends received from associate	**(16 183)**	–	**–**	–	**(16 183)**	–
Investment at end of the year	**780 559**	–	**–**	814	**780 559**	814

The summarised information presented above reflects the financial statements of the associates after adjusting for differences in accounting policies between the Group and the associates. During the year, the Group disposed of its holding in Emergent Energy (Pty) Ltd on 1 September 2017.

7. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information of associate (continued)

BT Communications Services South Africa (Pty) Ltd is a company incorporated in South Africa. The investment in associate is initially measured at the deemed cost, being the fair value of the investment prior to becoming an associate and subsequently measured using the equity method. The summarised information presented above reflects the financial statement of the associate.

Refer to note 51 for detail on assumptions and methods used to determine fair value.

Restrictions relating to associates

There are currently no restrictions relating to the associates.

Unrecognised share of losses of associates

The Group has not recognised its share of losses of Emergent Energy (Pty) Ltd as the Company has no obligation for any losses of the associate. The total unrecognised losses for the current year amount to RNil (2016: RNil).

8. JOINT ARRANGEMENTS

Joint operations

The following joint operations are material to the Group:

Joint operation	Country of incorporation	% ownership interest 2017	2016
Premier – BCP Hake	South Africa	**48.00**	48.00
Premier – Seacat	South Africa	**50.00**	50.00
Bloudam	South Africa	**38.00**	38.00

Refer to note 47 explaining the activities performed by joint ventures.

Premier – BCP Hake Joint Venture is a jointly controlled operation in the hake fishing sector.

Premier – Seacat Joint Venture is a jointly controlled operation in the squid fishing sector. The operation jointly controls a vessel with external quota holders.

Bloudam Joint Venture is a jointly controlled operation in the west coast rock lobster sector. The operation jointly controls a vessel with external quota holders.

Joint ventures

The following table lists all of the joint ventures in the Group:

GROUP

		% ownership interest		Carrying amount	
Name of company	Held by	2017	2016	2017 R'000	2016 R'000
Contronics (Pty) Ltd	Wynberg Pharmaceuticals (Pty) Ltd	**50.00**	50.00	**–**	82
Exaro HST Ltd	Health Systems Technologies (Pty) Ltd	**50.00**	50.00	**33**	33
Premier Select (Pty) Ltd	Premier Fishing SA (Pty) Ltd	**50.00**	50.00	**–**	–
				33	115

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

8. JOINT ARRANGEMENTS (CONTINUED)

Summarised financial information of joint ventures – 2017

Summarised statement of comprehensive income	Profit/(loss) from continuing operations R'000	Total comprehensive income R'000
Contronics (Pty) Ltd	–	–
Premier Select (Pty) Ltd	(7)	(7)
Exaro HST Ltd	–	–
	(7)	(7)

Summarised statement of financial position	Non-current assets R'000	Cash and cash equivalents R'000	Other current assets R'000	Total current assets R'000	Total assets R'000
Assets					
Contronics (Pty) Ltd	–	–	–	–	–
Premier Select (Pty) Ltd	12	86	107	193	205
Exaro HST Ltd	–	–	–	–	–
	12	86	107	193	205

	Non-current financial liabilities R'000	Total non-current liabilities R'000	Other current liabilities R'000	Total current liabilities R'000	Total liabilities R'000
Liabilities					
Contronics (Pty) Ltd	–	–	–	–	–
Premier Select (Pty) Ltd	722	722	44	44	766
Exaro HST Ltd	–	–	–	–	–
	722	722	44	44	766

Reconciliation of net assets to equity-accounted investments in joint ventures	Interest in joint venture at % ownership R'000	Accumulated unrecognised losses R'000	Investment in joint venture R'000
Contronics (Pty) Ltd	–	–	–
Premier Select (Pty) Ltd	(277)	(277)	–
Exaro HST Ltd	–	–	–

8. JOINT ARRANGEMENTS (CONTINUED)

Summarised financial information of joint ventures – 2016

Summarised statement of comprehensive income	Depreciation and amortisation R'000	Interest expense R'000	Profit/(loss) from continuing operations R'000	Total comprehensive income R'000
Contronics (Pty) Ltd	–	–	–	–
Premier Select (Pty) Ltd	–	–	(7)	(7)
Exaro HST Ltd	(63)	(922)	(984)	(984)
	(63)	(922)	(991)	(991)

Summarised statement of financial position	Non-current assets R'000	Cash and cash equivalents R'000	Other current assets R'000	Total current assets R'000	Total assets R'000
Assets					
Contronics (Pty) Ltd	–	–	–	–	–
Premier Select (Pty) Ltd	19	87	107	194	213
Exaro HST Ltd	311	33	–	33	344
	330	120	107	227	557

	Non-current financial liabilities* R'000	Total non-current liabilities R'000	Other current liabilities R'000	Total current liabilities R'000	Total liabilities R'000
Liabilities					
Contronics (Pty) Ltd	–	–	–	–	–
Premier Select (Pty) Ltd	722	722	45	45	767
Exaro HST Ltd	–	–	924	924	924
	722	722	969	969	1 691

* *Current and non-current financial liabilities are expressed in the table above, excluding trade and other payables and provisions.*

Reconciliation of net assets to equity-accounted investments in joint ventures	Total net assets R'000	Interest in joint venture at % ownership R'000	Accumulated unrecognised losses R'000	Investment in joint venture R'000
Contronics (Pty) Ltd	–	–	–	–
Premier Select (Pty) Ltd	(546)	(273)	273	–
Exaro HST Ltd	(580)	–	–	–

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

8. JOINT ARRANGEMENTS (CONTINUED)

	2017 R'000	2016 R'000
Summary of Group's interest in joint operations		
Premier – BCP Hake Joint Venture		
Revenue	65 020	64 813
Cost of sales	(33 803)	(37 716)
Other operating income	2 454	365
Operating expenses	(8 282)	(7 058)
Interest income	1 196	62
Total comprehensive income	26 585	21 180
Share of total comprehensive income	12 761	10 166
Current assets		
Inventories	4 521	1 268
Trade and other receivables	10 959	8 514
Cash and cash equivalents	18 180	14 435
Total current assets	33 660	24 217
Current liabilities		
Trade and other payables	(9 913)	(7 732)
Total current liabilities	(9 913)	(7 732)
Net assets	23 747	16 485
Share of net assets	11 399	7 913
Premier – Seacat Joint Venture Operation		
Revenue	11 104	6 431
Cost of sales	(3 641)	(3 880)
Operating income	202	–
Operating expenses	(4 559)	(1 024)
Interest income	77	63
Total comprehensive income	3 182	1 590
Share of total comprehensive income	1 591	795
Current assets		
Inventories	419	287
Trade and other receivables	1 549	177
Cash and cash equivalents	1 789	1 456
Total current assets	3 757	1 921
Current liabilities		
Trade and other payables	(575)	(331)
Total current liabilities	(575)	(331)
Net assets	3 182	1 590
Share of net assets	1 591	795

8. JOINT ARRANGEMENTS (CONTINUED)

	2017 R'000	2016 R'000
Summary of Group's interest in joint operations (continued)		
Bloudam Joint Venture Operation		
Revenue	**894**	729
Cost of sales	**(484)**	(83)
Operating expenses	**(1 442)**	(1 256)
Total comprehensive loss	**(1 032)**	(610)
Share of total comprehensive income	**(392)**	(233)
Current liabilities	**–**	–
Other financial liabilities	**(2 123)**	(537)
Trade and other payables	**(21)**	(73)
Total current liabilities	**(2 144)**	(610)
Current assets		
Other financial assets	**1 113**	–
Net assets	**(1 032)**	(610)
Share of net assets	**(392)**	(233)

9. LOANS TO/(FROM) GROUP COMPANIES

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Loans from subsidiaries	**–**	–	**(89 962)**	(83 371)
	–	–	**231 178**	247 396
Loans to subsidiaries	**–**	–	**233 495**	284 300
Impairments of loans to subsidiaries	**–**	–	**(2 317)**	(36 904)
Total	**–**	–	**141 216**	164 025
Non-current assets	**–**	–	**142 019**	167 381
Current assets	**–**	–	**89 159**	80 015
Non-current liabilities	**–**	–	**(89 962)**	(83 371)
	–	–	**141 216**	164 025

The above loans are unsecured. A portion of the loans bear interest at rates determined between parties from time to time and have no fixed terms of repayment.

Payments to be received and paid has been deferred for 12 months as follows:

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
– Loans from subsidiaries	**–**	–	**(89 962)**	(83 371)
– Loans to subsidiaries	**–**	–	**142 019**	167 381
	–	–	**52 057**	84 010

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

9. LOANS TO/(FROM) GROUP COMPANIES (CONTINUED)

Credit quality of loans to Group companies

The loans are advanced to Group companies for either capital investment, or working capital requirements. All advances are in line with approved segmental budgets. The risk of default is therefore based on the success of the division's performance.

Other than loans that have been impaired which have low credit quality, credit quality on all other loans is considered to be high.

Fair value of loans to and from Group companies

The carrying value of the above loans approximates fair value and the amount demandable for the loans.

Reconciliation of allowance for impairment of loans to Group companies

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Opening balance	–	–	36 904	43 442
Allowance for impairment	–	–	1 546	3 742
Reversal of previous allowances for impairment	–	–	(36 133)	(10 280)
	–	–	2 317	36 904

The creation and release of provision for impaired receivables have been included in operating expenses in the statement of profit or loss and other comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Loans are considered to be impaired to the extent to which the recoverability of the loan in a five-year period cannot be demonstrated to the satisfaction of the directors of the Company. During the year under review deemed interest has been charged on interest-free loans amounting to R14 721 102 (2016: R12 001 101) from the effect of discounting. The recoverable amounts were determined by projecting estimated future cash flows and discounting them at the original effective interest rate.

The following assumptions were used:

- Pre-tax discount rates – 10.25%
- Number of years – five years

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Applicable rates				
Interest free	–	–	145 027	128 463
Prime overdraft rate	–	–	(4 352)	(1 868)
Prime overdraft less 1.5%	–	–	(9 343)	(15 907)
Prime overdraft less 2%	–	–	28 606	116 557
Prime overdraft plus 2%	–	–	24 895	21 965
Prime overdraft plus 3%	–	–	17 728	7 153
Prime overdraft plus 5%	–	–	(61 402)	(55 434)
Prime overdraft rate plus 7%	–	–	2 374	–
	–	–	143 533	200 929

Loans subordinated

Loans amounting to R15 111 248 (2016: R139 281 087) have been subordinated until such time as the assets fairly valued exceed their liabilities.

9. LOANS TO/(FROM) GROUP COMPANIES (CONTINUED)

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Reconciliation of cash flows				
Loans advanced to Group companies	–	–	(30 657)	(48 962)
Receipts of loans from Group companies	–	–	21 186	29 500
Non-cash amounts included in loans to/from Group companies	–	–	18 214	14 322
Non-cash interest capitalised and dividends received	–	–	(30 000)	(25 228)
Loans to Group companies repaid	–	–	–	11 003
Repayment of loans from Group companies	–	–	(1 552)	(10 000)
	–	–	(22 809)	(29 365)

10. OTHER LOAN RECEIVABLES

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Non-interest-bearing loans	42 718	50 345	18 574	17 001
The above loans are unsecured and are repayable on demand. The effect of discounting is insignificant during the year under review.				
	42 718	50 345	18 574	17 001
Impairment of loans	(7 581)	(34 044)	(7 581)	(5 276)
	35 137	16 301	10 993	11 725
Non-current assets	8 366	9 496	9 343	10 075
Current assets	26 771	6 805	1 650	1 650
	35 137	16 301	10 993	11 725
Breakdown of non-interest-bearing loans				
New Promex Corporation (Pty) Ltd	8 105	35 414	8 105	6 626
SA Components CC	2 724	2 758	–	–
Cape Media Corporation	1 126	1 267	1 126	1 267
Sekunjalo Investment Holdings (Pty) Ltd	7 276	7 784	8 067	8 809
Bloudam	797	1 065	–	–
Afrozaar CC	29	759	–	–
Alacrity Technologies (Pty) Ltd	15 729	–	–	–
Outside quota holder	1 391	–	–	–
Other	5 541	1 298	1 276	299
	42 718	50 345	18 574	17 001

Credit quality of other loans receivables

The credit quality of loans receivable that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. No defaults have occurred in the past. Credit quality is considered to be high for interest-bearing loans and low for non-interest-bearing loans.

Fair value of other loans receivables

The carrying value of the loans approximates fair value as market-related interest rates are charged on outstanding amounts. Non-interest-bearing loans have been impaired to the recoverable amount which approximates the fair value of the amounts receivable.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

10. OTHER LOAN RECEIVABLES (CONTINUED)

	GROUP		COMPANY	
Reconciliation of provision for impairment of other loans receivables	**2017 R'000**	**2016 R'000**	**2017 R'000**	**2016 R'000**
Opening balance	**34 044**	33 442	**5 276**	4 238
Allowance for impairment	**2 605**	1 038	**2 605**	1 038
Write off/reversal of impairments	**(29 068)**	(436)	**(300)**	–
	7 581	34 044	**7 581**	5 276

Loan receivables are impaired to the extent to which recoverability of the asset over a five-year period cannot be demonstrated to the satisfaction of the directors of the Group.

11. OTHER FINANCIAL ASSETS

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
At fair value through profit or loss – designated				
Investments in unlisted public companies	**25 231**	16 965	**25 231**	16 965
A fair value gain of R8 265 933 was recognised during the year as a result of an increase in the net asset value.				
Investment in unlisted private companies	**164 248**	536 261	**–**	–
In the current year, BT Communications South Africa (Pty) Ltd was reclassified to an investment in associate. Refer to note 7, reflecting a fair value gain which was recognised during the year as a result of the growth in earnings and contracts obtained during the year under review.				
In the prior year the Group disposed of its 5% share in SAAB SA (Pty) Ltd. Proceeds of the sale resulted in the acquisition of a 25% plus 1 share equity interest in SAAB Grintek Defence (Pty) Ltd for R126 509 500. A fair value gain of R36 912 500 was recognised during the year.				
Investment in listed public companies	**235 298**	302 216	**26 207**	17 738
A fair value movement of R80 394 626 was recognised in the current year of which R75 386 717 relates to a decrease in value of both Pioneer Foods Group Ltd of R75 386 717 and R5 007 909 of Sygnia Ltd. In the current year, the Group acquired an additional 0.867% equity share in Sygnia Ltd for R13 476 541.				
Cadiz Life Investment Enterprise Development Fund Investment is due to mature on 31 July 2020.	**747**	1 129	**–**	–
Total investments at fair value through profit and loss	**425 524**	856 571	**51 438**	34 703
Non-current assets				
Fair value through profit and loss designated	**425 524**	856 571	**51 438**	34 703

11. OTHER FINANCIAL ASSETS (CONTINUED)

Fair value information

Financial assets at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts.

The fair value of the listed investments is based on the quoted market price as at 31 August 2017.

Refer to note 51 for detail on assumptions and methods used to determine fair values for unlisted investments.

Reconciliation of cash flows

The cash flow effect of other financial assets are as follows:

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Purchase of other financial assets	**(13 477)**	(136 509)	**(13 477)**	(10 000)
Sale of other financial assets	**–**	20 000	**–**	20 000
Non-cash amounts included in other financial assets	**(535 083)**	(194 947)	**(163 162)**	(24 417)
	(548 560)	(311 456)	**(176 639)**	(14 417)

12. DEFERRED TAX

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Deferred tax liability				
Accelerated capital allowances on property, plant and equipment	**(21 921)**	(23 714)	**(11)**	(36)
Shipping allowance	**(39 651)**	(38 101)	**–**	–
Prepaid expenses	**(1 516)**	(1 279)	**(47)**	–
Fair value adjustments on other financial assets	**(36 086)**	(123 488)	**(448 691)**	(405 929)
Fair value adjustments on biological assets	**(15 210)**	(13 487)	**–**	–
Change in rate	**–**	(19 855)	**–**	(19 524)
Fair value adjustment on loan	**(2 793)**	–	**–**	–
Operating lease	**(396)**	–	**–**	–
Intangible assets acquired through business combination	**(106 426)**	(89 367)	**–**	–
Deferred tax liability	**(223 999)**	(309 291)	**(448 749)**	(425 489)
Deferred tax asset to be set off against deferred tax liability	**12 953**	10 189	**–**	–
Net deferred tax liability	**(211 046)**	(299 102)	**(448 749)**	(425 489)
Deferred tax asset				
Provisions	**7 499**	10 808	**2 114**	2 643
Income received in advance	**839**	285	**–**	–
Operating lease liabilities	**348**	477	**–**	–
Prior period deferred tax	**191**	–	**–**	–
Deferred tax balance from temporary differences other than unused tax losses	**8 877**	11 570	**2 114**	2 643
Tax losses available for set off against future taxable income	**21 654**	15 929	**–**	–
	30 531	27 499	**2 114**	2 643
Deferred tax liability to be set off against deferred tax asset	**(12 953)**	(10 189)	**–**	–
Total deferred tax asset, net of valuation allowance recognised	**17 578**	17 310	**2 114**	(16 881)

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

12. DEFERRED TAX (CONTINUED)

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:				
Deferred tax liability	**(211 046)**	(299 102)	**(446 577)**	(422 846)
Net deferred tax asset	**17 578**	17 310	**–**	–
Total net deferred tax liability	**(193 468)**	(281 792)	**(446 577)**	(422 846)
Reconciliation of deferred tax asset/(liability)				
At beginning of the year	**(281 792)**	(222 853)	**(422 846)**	(147 293)
Accelerated capital allowances on property, plant and equipment	**1 336**	89	**2**	36
Fair value adjustments on other financial assets	**99 012**	(82 660)	**–**	5 530
Fair value adjustments on subsidiaries	**–**	–	**(21 636)**	(301 830)
Income received in advance	**252**	(1 438)	**–**	–
Intangible assets through business combination	**(12 280)**	775	**–**	–
Operating lease liability	**123**	(149)	**–**	–
Prepaid expenses	**(289)**	113	**(11)**	–
Provisions	**654**	2 877	**(529)**	1 187
Shipping allowance	**(1 550)**	(7 255)	**–**	–
Tax losses available for set off against future taxable income	**5 552**	10 047	**–**	–
Change in rate	**–**	19 855	**–**	19 524
Fair value adjustments on biological assets	**(1 723)**	(1 192)	**–**	–
Investment property	**(6)**	–	**–**	–
Prior period under provision	**(2 757)**	–	**(1 557)**	–
	(193 468)	(281 792)	**(446 577)**	(422 846)

13. INVENTORIES

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Raw materials	**3 652**	3 920	**–**	–
Work in progress	**418**	958	**–**	–
Finished goods	**42 722**	35 735	**–**	–
Consumables	**17 389**	4 826	**–**	–
	64 181	45 439	**–**	–

Finished goods amounting to R672 016 (2016: R38 071) were written down to net realisable value during the year under review.

14. BIOLOGICAL ASSETS

Reconciliation of biological assets

GROUP – 2017	Opening balance and deaths R'000	Disposals R'000	Changes in fair value, births and deaths R'000	Total R'000
Abalone	**48 169**	**(37 852)**	**44 006**	**54 323**

Reconciliation of biological assets

GROUP – 2016	Opening balance and deaths R'000	Disposals R'000	Changes in fair value, births and deaths R'000	Total R'000
Abalone	46 162	(41 223)	43 230	48 169

Non-financial information

Quantities of each biological asset				
Abalone – kgs	126 490	102 501	–	–

Pledged as security

The total carrying value of biological assets is pledged as security to Absa Bank Ltd. Refer to note 16 for further details.

Methods and assumptions used in determining fair value

For fair value information refer to note 51.

15. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Trade receivables	**138 142**	60 355	**6 657**	11 987
Employee costs in advance	**208**	243	**–**	–
Prepayments	**4 681**	4 574	**168**	127
Deposits	**1 572**	786	**–**	–
Value-added tax	**8 154**	4 459	**–**	–
Claims	**260**	–	**–**	–
Sundry customers	**6 407**	3 187	**–**	–
Other receivables	**35 626**	22 878	**251**	–
	195 050	96 482	**7 076**	12 114

Trade and other receivables pledged as security

Trade and other receivables with a carrying amount of R46 569 000 (2016: R42 455 658) were pledged as security for overdraft facilities of R35 000 000 (2016: R35 000 000).

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Credit quality of trade and other receivables

41% of the Group's trade and other receivables stem from sales within the fishing and brands division. This division performs ongoing credit evaluations of the financial position of its customers. Before a new customer is approved for credit, a thorough credit check is performed by an independent external credit agency. The agency provides credit scores and credit ratings on each of its customers. In addition, a recommended credit limit is provided by the credit agency. Additional internal ratings and credit limit procedures are performed by management and the directors before a final credit limit is approved. The credit quality of trade and other receivables that are neither past due nor impaired is assessed by management, based on historical information about counterparty default ratings. Any customer that has exceeded its credit limit may not purchase goods unless full payment has been received. Over 31% of the divisions sales are to foreign customers the bulk of which pay in advance. The remainder usually have 60-day terms. Credit risk is low.

56% of the Group's trade and other receivables stem from sales within the technology division. 19% of these sales stem from Health Systems Technologies (Pty) Ltd. These sales are predominantly to state institutions. Recoverability from these customers are extremely good. The credit risk has been assessed as low by the divisional management at year-end based on recent credit payment history. 34% of sales within this division are largely concentrated to blue-chip companies. The credit risk on the trade receivables balance was assessed by divisional management and is deemed to be low. Credit concentration is high as sales are to few customers; however, these are blue-chip customers and there have been low defaults in the past.

One per cent of the Group's trade and other receivables stem from sales within the health and beauty division. The credit risk was been assessed as low by the divisional management at year-end based on recent payment history.

The events and tourism division contributes 8% of the Group's trade and other receivables, of which 47% stem from sales within Tripos Travel (Pty) Ltd. The nature, terms and conditions of these sales made by the travel agents mitigate the risk of bad debt due to available credit facilities. The balance is from espAfrika (Pty) Ltd in respect of festivals managed locally. Credit quality of foreign debtors in espAfrika (Pty) Ltd was assessed as high as some amounts have not been recovered. Ongoing evaluation of all the debtors takes place. On an overall basis with the exception of foreign debtors in espAfrika (Pty) Ltd which have been impaired due to non-payment, credit risk has been assessed as low by the divisional management.

The balance is the aggregate of trade and other receivables in the smaller Group companies. Ongoing evaluation of the debtors takes place. The credit risk was assessed as low by the divisional management at year-end.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group customer base consists of both foreign and local trade and other receivables.

The overall credit quality is considered to be high.

Other receivables

Other receivables is comprised primarily of amounts accrued to the Group for amounts due from outside quota holders, contracted fisherman from the fishing and brands division.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying value due to the short-term nature.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 August 2017, R98 422 000 (2016: R9 610 000) were past due but not impaired.

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables past due but not impaired (continued)

The ageing of amounts past due but not impaired is as follows:

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Health and beauty division				
Three months past due	**411**	814	**–**	–
Technology division				
One month past due	**15 266**	5 083	**–**	–
Two months past due	**78 584**	1 854	**–**	–
Three months past due	**2 298**	413	**–**	–
Corporate division				
One month past due	**1 703**	534	**1 703**	175
Two months past due	**–**	326	**–**	130
Three months past due	**160**	1 400	**160**	6 321

Trade and other receivables impaired

As of 31 August 2017, trade and other receivables of R15 624 908 (2016: R12 023 561) were impaired and provided for.

The carrying amount of trade and other receivables are denominated in the following currencies:

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Rand	**180 185**	78 133	**7 706**	12 114
US dollar	**12 146**	10 510	**–**	–
Euro	**2 719**	–	**–**	–
	195 050	88 643	**7 706**	12 114

Reconciliation of allowance for impairment of trade and other receivables	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Opening balance	**12 024**	10 338	**–**	–
Allowance for impairment	**8 709**	5 375	**–**	–
Amounts written off as uncollectable	**(5 108)**	(3 689)	**–**	–
	15 625	12 024	**–**	–

The amounts above that have been impaired consist of amounts outstanding for more than three months.

The creation and release of allowance for impaired receivables have been included in operating expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The Group does not hold any collateral as security.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

16. CASH AND CASH EQUIVALENTS

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Cash and cash equivalents consist of:				
Cash on hand	**248**	88	–	–
Bank balances	**624 776**	64 752	1 084	2 776
Bank overdraft	**(44 522)**	(9 771)	(23 427)	(9 771)
	580 502	55 069	(22 343)	(6 995)
Current assets	**625 024**	64 840	**1 084**	2 776
Current liabilities	**(44 522)**	(9 771)	**(23 427)**	(9 771)
	580 502	55 069	**(22 343)**	(6 995)

The bank overdrafts in the Group are secured by:

- Unlimited suretyship by Premfresh Seafoods (Pty) Ltd, supported by a cession of loan accounts;
- Unlimited suretyship by Premier Fishing SA (Pty) Ltd;
- Unlimited suretyship by Marine Growers (Pty) Ltd, supported by a cession of loan account;
- Unlimited suretyship by African Equity Empowerment Investments Limited;
- Unlimited suretyship by Paul Thompson;
- Unlimited suretyship by Steve James;
- Unlimited guarantee by AYO Technology Solutions Ltd (Previously known as Sekunjalo Technology Solutions Ltd);
- Limited guarantee by Health Systems Technologies (Pty) Ltd;
- Limited suretyship by Mr AS Brown;
- Limited suretyship by Communication Products (Pty) Ltd;
- Limited suretyship by Bitton Music Production (SA) Ltd; supported by a first, second and third covering mortgage bond registered over Erf 14290, Somerset West;
- Limited suretyship by African Equity Empowerment Investments Limited;
- Negative pledge undertaking not to increase external borrowings;
- Pledge and cession of shares in AYO Technology Solutions Ltd (Previously known as Sekunjalo Technology Solutions Ltd);
- Pledge and cession of Discovery life policy 5130643247
- Cession of loan account by AYO Technology Solutions Ltd (Previously known as Sekunjalo Technology Solutions Ltd) and Health Systems Technologies (Pty) Ltd;
- Cession of debtors by Puleng Technologies (Pty) Ltd;
- Cession of fire and Sasria policy for fishing vessels with a carrying value of R41 697 044.
- First Maritime Bond of R1 200 000 registered over the fishing vessel Lubbetjie;
- First Maritime Bond of R1 900 000 registered over fishing vessel Mizpah;
- First Maritime Bond of R40 959 000 by Premier Fishing SA (Pty) Ltd over marine vessels with a carrying amount of R41 697 044;

16. CASH AND CASH EQUIVALENTS (CONTINUED)

The bank overdrafts in the Group are secured by (continued):

- First Continuing Covering Mortgage Bond Number B28343/2008 for R10 000 000 over Erf 11 St Helena Bay held under Deed of Transfer Number T46847/2002;
- Second Maritime Bond for R4 400 000 by Premier Fishing SA (Pty) Ltd registered over fishing vessel Lubbetjie;
- Second Maritime Bond for R6 100 000 by Premier Fishing SA (Pty) Ltd registered over fishing vessel Mizpah;
- Special Notarial Bond Number BN23802/2008 for R3 450 000 by Premier Fishing SA (Pty) Ltd over fishing vessels Southern Knight and Southern Horizon;
- General Notarial Bond Number BN23803/2008 for R50 000 000 by Premier Fishing SA (Pty) Ltd over stock, movable assets, plant and equipment and vessel equipment;

Guarantees are as follows:

- Nedbank Ltd: R182 000
- Other securities: Cession of Nedbank Ltd call counts and agreement to set off current account and foreign advance accounts
- Joint guarantee of R7 300 000 by African Equity Empowerment Investments Ltd and Magic 828 (Pty) Ltd in favour of Absa Bank Ltd in relation to the instalment sale agreement.
- First National Bank Ltd: R98 794.

A bank overdraft is with Absa Bank Ltd and is secured with unlimited cross suretyship between African Equity Empowerment Investments Ltd, Health System Technologies (Pty) Ltd and Premier Fishing SA (Pty) Ltd supported by cession of loan accounts.

The following facilities are also held with Absa Bank Ltd:

Primary Lending = R5 000 000

Term Loan = R5 800 000

Credit card = R202 000

Forward Exchange Contract (Nominal Value) = R10 000 000

Foreign Exchange Settlement = R5 000 000

The Standard Bank of South Africa Ltd overdraft facility of R400 000 and a VISA credit card of R100 000 is secured as follows:

- Suretyship/Cession Loan dd 3/11/04, restricted to R100 000 by LOA Burt
- Suretyship/Cession Loan dd 25/10/07, restricted to R200 000 by LOA Burt
- Suretyship/Cession Loan dd 25/10/07, restricted to R100 000 by LOA Burt
- Suretyship/Cession Loan dd 28/08/08, restricted to R200 000 by LOA Burt

There is a guarantee in place by Absa Bank Ltd to International Air Transport Association (IATA) of R500 000 over the call account, expiring 28 February 2018, which will be executed if the Company defaults on payment to IATA.

Financial covenants applicable to the entity are as follows:

- Interest cover ratio
- Leverage ratio
- Guarantor contribution test

No breaches to financial covenants occurred during the year.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

16. CASH AND CASH EQUIVALENTS (CONTINUED)

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates. Cash and cash equivalents are held with reputable banking service providers. Absa Bank Ltd provides the majority of banking services used by the Group and it is rated AA+ and A1+ in the long term and short term respectively.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Credit rating				
Absa Bank Ltd – Baa3	**568 061**	46 204	**84**	2 494
Nedbank Ltd – Baa3	**4 792**	3 715	**4**	282
Standard Bank Ltd – BB+	**11 699**	10 053	**–**	–
First National Bank Ltd – Baa3	**35 822**	4 756	**–**	–
HSBC – A2	**155**	–	**–**	–
Investec Ltd – BB+	**1 416**	24	**996**	–
Other	**2 831**	–	**–**	–
	624 776	64 752	**1 084**	2 776

17. DISCONTINUED OPERATIONS OR DISPOSAL GROUPS OR NON-CURRENT ASSETS HELD FOR SALE

During the year, management committed to a plan to sell the Group's investment in Emergent Energy. Accordingly, the investment is presented as a Asset Held for Sale. The effective date of the sale is 1 September 2017.

In the prior year, the Group decided to discontinue its operations in Saratoga Software Group. The assets and liabilities of the disposal group are set out below. The investment will not be restated as a non-current asset held for sale as it is impracticable to do so.

Group

Profit and loss

	2017	2016 Prior to Reclassi-fication of Saratoga	Reclassi-fication of Saratoga	2016 After reallocation of Saratoga
Group total revenue	**44 215**	167	47 707	47 874
Expenses	**(40 312)**	(3 229)	(43 344)	(46 573)
Net profit (loss) before tax	**3 903**	(3 062)	4 363	1 301
Tax	**(1 093)**	25	(1 207)	(1 182)
Net profit (loss) after tax	**2 810**	(3 037)	3 156	119
Assets and liabilities				
Liabilities of disposal groups				
Other liabilities	**360**	–	–	–

18. SHARE CAPITAL

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Authorised				
10 000 000 "A" class ordinary shares of no par value (unlisted)	**100**	100	**100**	100
1 000 000 000 "B" class ordinary shares A shares of no par value (listed)	**20**	20	**20**	20
518 660 566 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.				
Upon a poll, in determining the total votes in the Company, each "B" ordinary no par value Share shall be deemed to entitle the holder thereof to one vote and each "A" ordinary no par value Share shall be deemed to entitle the holder thereof to 500 votes.				
	120	120	**120**	120
Issued				
491 339 434 (2016: 491 339 434) "B" class shares of no par value	**30**	30	**30**	30
Share premium	**403 147**	403 147	**403 147**	403 147
	403 177	403 177	**403 177**	403 177

19. RESERVES

A capital redemption reserve fund arose when a subsidiary had a share buy-back in the prior years.

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Capital redemption reserve fund	**8 034**	8 034	**–**	–
Foreign currency translation reserve	**(4)**	–	**–**	–
Total	**8 030**	8 034	**–**	–

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

20. OTHER FINANCIAL LIABILITIES

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Held at amortised cost				
Bank borrowings	**64 990**	59 931	**50 833**	40 833

Included in bank borrowings are the following:

A loan facility amount of R50m was drawn by the company. The loan amount is secured by R50m guarantees from Premier Fishing SA (Pty) Ltd, AYO Technology Solutions Ltd (formerly Sekunjalo Technology Solutions Ltd) and Health Systems Technologies (Pty) Ltd, bears interest at one-month Jibar with a margin of 3.75% (five-year tenure) per annum. The loan is repayable within five years.

Financial covenants applicable to the entity are as follows:
- Interest cover ratio
- Leverage ratio
- Guarantor contribution test

No breaches to financial covenants occurred during the year.

The instalment sale agreement with a balance of R3,6m is secured by a guarantee for R7 300 000 jointly by African Equity Empowerment Limited and Magic 828 (Pty) Ltd, as well as the assets with a carrying amount of R6 139 889 (2016: R5 275 858) (refer to note 3) will serve as collateral in relation to the agreement. The loan bears interest at the prime lending rate amounting to R437 274 (2016: R558 680) and is repayable in instalments of R113 520 (2016: R207 881) inclusive of capital and interest. The loan is repayable in five years from the date stipulated in the instalment sale agreement.

Project finance with a balance of R8,7m was obtained during the prior year. The interest rate charged on the loan at 31 August 2017 is 10.25%. The loan is repayable in monthly instalments of R203 333 ending on 31 March 2021. African Equity Empowerment Investments Limited has provided a limited guarantee for the loan to Absa Bank Ltd.

A loan facility of R20m was drawn during the year with Absa Bank Ltd. The interest rate charged on the loan at 31 August 2017 is quarterly at JIBAR + 3.64%. The loan amount is secured by R20m guarantees from African Equity Empowerment Investments Limited.

20. OTHER FINANCIAL LIABILITIES (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Financial covenants applicable to the entity are as follows: – Interest cover ratio – EBITDA – Guarantor contribution test				
No breaches to financial covenants occurred during the year.				
A loan facility of R34m was obtained during the year from Investec Bank Ltd, of which an amount of R14m was utilised. The loan bears monthly interest at the prime overdraft interest rate. The loan is secured by the Group's shares in Sygnia Ltd.				
Financial covenants applicable to the entity are as follows: – Net asset value – Market capitalisation				
No breaches to financial covenants of any loan or facility occurred during the year.				
Redeemable cumulative preference shares	**186 190**	198 522	**–**	–
The A preference shares to Rand Merchant Bank accrues interest at 82.5% of the prime interest rate.				
The B preference shares to Pioneer Foods accrued interest at 99% of the prime interest rate.				
In the prior year, Investec Bank Ltd subscribed to 213 019 cumulative preference shares in Bowwood and Main No 180 (Pty) Ltd. Effective date of the transaction was the date of signature, reflected as 29 October 2015. Preference share dividend rate is equal to 80% of the prime interest rate.				
Default preference share dividend rate is 2.3% above the preference share dividend Rate should a trigger event occur and not be remedied.				
A voluntary redemption of 31 541 (2016: 21 784) shares occurred on 2 July 2017 amounting to R15 770 500 (2016: R10 892 000). The remaining balance of the preference shares held as at 31 August 2017 amounted to R79 847 000.				
RVB Distributors and Orleans Distributors	**23 155**	–	**–**	–
The loans are as a result of purchases of shares and stock in subsidiaries. The loans are repayable in three tranches from June 2017.				

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

20. OTHER FINANCIAL LIABILITIES (CONTINUED)

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
The portion of the loans relating to shares and stock is charged interest at 10.25% as at 31 August 2017. The first tranche was repaid during the year. The interest rate charged on the first tranche was at 6%. The interest rate on the upcoming tranches are linked to the prime overdraft rate. The tranches are repayable in May 2018 and May 2019.				
Loans from minorities The loans are unsecured, bear interest at rates agreed to between parties, have no fixed repayment terms.	**9 952**	–	**–**	–
Kaqala Media (Pty) Ltd The loan is unsecured, bears no interest and has no fixed terms of repayment. The loan will not be called upon in the next 12 months as per the shareholders agreement. An amount of R6 106 221 (2016: R5 726 662) has been subordinated during the year under review.	**6 107**	5 727	**–**	–
Other borrowings Other borrowings are unsecured, bear interest at rates agreed between parties, have no fixed repayment terms and consists of loans to directors and other entities.	**2 460**	1 411	**54**	36
Included in the amount is a liability in relation to medical aid costs of retired employees. This is calculated taking into account the current medical aid contribution, the life expectancy of the employees and a discount rate of 6% to calculate the present value of the obligation.				
	292 854	265 591	**50 887**	40 869

20. OTHER FINANCIAL LIABILITIES (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Non-current liabilities				
Non-current portion of financial liabilities	**245 622**	253 004	**34 946**	31 233
Current liabilities				
Current portion of financial liabilities	**47 232**	12 587	**15 941**	9 636
	292 854	265 591	**50 887**	40 869
Secured	**257 288**	258 173	**50 833**	40 833
Unsecured	**35 566**	7 418	**54**	36
	292 854	265 591	**50 887**	40 869
The following represents the carrying value of the security for those borrowings:				
Property, plant and equipment	**149 832**	131 981	**–**	–
Biological assets	**54 323**	46 169	**–**	–
Trade and other receivables	**81 981**	42 456	**–**	–
	286 136	220 606	**–**	–
Floating rates	**175 128**	60 804	**50 887**	40 869
Fixed rates	**105 315**	198 522	**–**	–
Interest free	**12 411**	6 265	**–**	–
	292 854	265 591	**50 887**	40 869
Weighted average effective interest rate (%)	**9.65**	9.88	**36.70**	39.60

As at 31 August 2017, the carrying amount of borrowings approximates their fair value. Non-current interest-free borrowings approximate the amounts demandable. The effect of discounting is immaterial.

There were no loan defaults during the year, nor in the prior year.

Funding in relation to preference shares reflected above are ring fenced.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

21. FINANCE LEASE OBLIGATION

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Minimum lease payments due				
– within one year	**425**	232	**8**	–
– in second to fifth year inclusive	**2 714**	124	**–**	124
	3 139	356	**8**	124
Less: future finance charges	**(331)**	(14)	**–**	(7)
Present value of minimum lease payments	**2 808**	342	**8**	117
Present value of minimum lease payments due				
– within one year	**259**	225	**8**	–
– in second to fifth year inclusive	**2 549**	117	**–**	117
	2 808	342	**8**	117
Non-current liabilities	**2 549**	117	**8**	117
Current liabilities	**259**	225	**–**	–
	2 808	342	**8**	117

It is Group policy to purchase certain motor vehicles under finance leases.

The average lease term is two to five years and the average effective borrowing rate is 10.25% (2016: 11%).

Interest rates are linked to prime bank overdraft interest rate at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets. The carrying amount of the motor vehicles under finance lease amounts to R348 000 (2016: R495 000).

Defaults and breaches

There have been no defaults or breaches during the year under review.

22. OPERATING LEASE LIABILITY

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Non-current liabilities	**(1 274)**	(2 855)	**–**	–
Current liabilities	**(226)**	(35)	**–**	–
	(1 500)	(2 890)	**–**	–

The lease accrual is based on lease smoothing of rental amounts for premises utilised by the Group.

23. PROVISIONS

Reconciliation of provisions

GROUP – 2017	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
Provision for facilitation fees	6 271	–	(1 319)	–	4 952
Provision for VAT	2 216	189	–	–	2 405
Maintenance provision	–	1 249	–	–	1 249
Provision for audit fees	92	146	–	–	238
Provision for leave pay	6 314	5 514	(5 240)	(93)	6 495
Provision for salary bonuses	9 212	7 193	(6 907)	–	9 498
Profit warranties	424	446	–	(397)	473
Other provisions	3 791	3 321	(3 969)	–	3 143
	28 320	18 058	(17 435)	(490)	28 453

GROUP – 2016	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
Provision for facilitation fees	–	6 271	–	–	6 271
Provision for VAT	2 043	173	–	–	2 216
Provision for audit fees	–	92	–	–	92
Provision for leave pay	5 793	4 758	(3 762)	(475)	6 314
Provision for salary bonuses	9 478	7 043	(6 423)	(886)	9 212
Profit warranties	3 322	–	(782)	(2 116)	424
Other provisions	2 932	3 791	(2 932)	–	3 791
	23 568	22 128	(13 899)	(3 477)	28 320

Reconciliation of provisions

COMPANY – 2017	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
Provision for facilitation fees	6 271	–	(1 319)	4 952
Provision for leave pay	375	353	(375)	353
Provision for salary bonuses	2 000	1 459	(2 000)	1 459
	8 646	1 812	(3 694)	6 764

Reconciliation of provisions

COMPANY – 2016	Opening balances R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
Provision for facilitation fees	–	6 271	–	–	6 271
Provision for leave pay	437	–	–	(62)	375
Provision for salary bonuses	4 165	–	(1 065)	(1 100)	2 000
	4 602	6 271	(1 065)	(1 162)	8 646

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

23. PROVISIONS (CONTINUED)

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Non-current liabilities	**811**	4 930	**–**	4 930
Current liabilities	**27 642**	23 390	**6 764**	3 716
	28 453	28 320	**6 764**	8 646

Profit warranties are provisions relating to the acquisition of investments where there are contingent payments based on profit targets.

The provision for the VAT relates to an ongoing VAT dispute with South African Revenue Services for an amount that may potentially be paid at an unknown time.

Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees with reference to services rendered up to the reporting date and the Group's leave policy. The above provisions represent management's best estimate of the Group's liability based on prior experience.

The provision for bonuses is provided for when they accrue to employees with reference to services rendered up to the statement of financial position date. The provision represents management's best estimate of the Group's liabilities based on prior experience.

Provision for facilitation fees is based on an agreement where amounts will be paid annually over five years from investment revenue.

Other provisions mainly comprise municipal electricity, rates and levies relates to expenses incurred by the group for electricity usage, rates and taxes. The actual bill was not yet received as year-end therefore management estimated the amount of the provision based on estimated usage and charge rates from the previous month. The provision represents management's best estimate of the Group's liability on expected cash flows as at 31 August 2017.

24. TRADE AND OTHER PAYABLES

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Trade payables	**116 495**	24 802	**5 768**	881
Amounts received in advance	**7 133**	4 464	**–**	–
Value-added tax	**6 875**	3 294	**242**	172
Other payables	**9 874**	9 660	**161**	675
Accrued expenses	**19 059**	21 964	**3 418**	3 384
Deferred income	**315**	3 627	**–**	–
Other payables	**10 233**	6 454	**–**	–
	169 984	74 265	**9 589**	5 112

Fair value of trade and other payables

The fair value of trade and other payables approximates the carrying value due to their short-term nature.

Other payables consists of amounts owing to the South African Revenue Services and contract accruals.

25. REVENUE

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Sale of goods	**534 355**	415 027	**–**	–
Rendering of services	**487 777**	290 494	**29 186**	28 582
Interest received	**–**	–	**26 204**	24 862
Dividends received	**30 064**	30 038	**46 122**	33 312
	1 052 196	735 569	**101 512**	86 756

26. COST OF SALES

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Sale of goods				
Costs of goods sold	439 622	280 250	–	–
Rendering of services				
Cost of goods sold	152 985	160 216	–	–
Other				
Employee cost, depreciation and other	61 603	19 812		
	654 210	460 278	–	–

27. OTHER INCOME

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Administration and management fees received	191	302	–	–
Discounts received	4	2	–	–
Other income	2 515	513	6 068	1
Profit on exchange differences	–	1 260	–	–
Recoveries	1 250	635	–	–
	3 960	2 712	6 068	1

28. SALE OF SUBSIDIARIES

In the prior year, the Group disposed of its 100% interests in Sekunjalo Properties (Pty) Ltd and Sekpharma (Pty) Ltd.

The net assets of Sekunjalo Properties (Pty) Ltd and Sekpharma (Pty) Ltd are stated below on the date of disposal.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Carrying value of assets sold				
Property, plant and equipment	–	1	–	–
Intangible assets	–	9 154	–	–
Inventories	–	1 926	–	–
Trade and other receivables	–	2 181	–	–
Trade and other payables	–	(11 824)	–	–
Tax assets/liabilities	–	(24)	–	–
Borrowings	–	(1 747)	–	–
Cash	–	4 299	–	–
Total net assets sold	–	3 966	–	–
Net assets sold	–	3 966	–	–
Loss on disposal	–	1 034	–	–
	–	5 000	–	–
Consideration received				
Loan	–	(5 000)	–	–
Net cash flow on acquisition				
Cash sold	–	4 299	–	–

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

29. NET IMPAIRMENT AND IMPAIRMENT REVERSALS

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Material impairment losses/(recognised) reversed				
Loans to Group companies	**–**	–	**(1 740)**	(3 547)
The Group assesses the recoverability of loans by performing annual cash flow forecasts for its subsidiaries (cash-generating units) over a five-year period. This process forms the basis of testing the recoverability of loans advanced to Group companies.				
The recoverable amounts for Wynberg Pharmaceuticals (Pty) Ltd and Tripos Travel (Pty) Ltd loans to Group companies were less than their carrying amounts and were therefore impaired.				
The recoverable value was based on the present value of expected cash inflows over a five-year period.				
Management's key assumptions include stable profit margins, based on past experience in the market with reference to cash flow assumptions. The Group's management believes that this is the best available input for the purposes of forecasting the cash flows.				
The following assumptions were used: Pre-tax discount rates: 18% – 30% Number of years: 0 – 5 years Growth rate: 4.5% – 7%				
Loans to Group companies	**–**	–	**36 133**	10 280
The net impairment reversal relates to the loans advanced to African Biotechnological and Medical Innovation Investments (Pty) Ltd in the current year, and AYO Technology Solutions Ltd, Sekpharma and AEEI Events and Tourism and the reversal was due to the recoverable amount exceeding the carrying amount of the loans.				

29. NET IMPAIRMENT AND IMPAIRMENT REVERSALS (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Other financial assets and loans receivable	**(2 605)**	(703)	**(2 605)**	(1 039)
Current year impairments relate to the recoverable amount being less than the carrying amount, which was determined by the sale of the Health Care assets and meetings held with Cape Media Corporation. The process forms the basis of testing the recoverability of loans advanced to the associated company by assessing the recoverable amount. Refer to note 9 for the recoverable amount of the loan reflected as current as an amount of R1 650 000 (2016: R1 650 000) is to be received in R2 850 000; however, additional funding has been provided during the year under review amounting to R1 150 000.				
The following assumptions were used: Pre-tax discount rates: 19% – 30% Number of years: 5 – 10 Growth rate: 4.5%				
	(2 605)	(703)	**31 788**	5 694
Significant goodwill or significant intangible assets with indefinite useful lives				
Goodwill	**–**	–	**–**	–
The Group performs an annual impairment test on goodwill based on cash-generating units (CGU). The recoverable amount for each of the CGUs to which goodwill is allocated has been determined based on the value in use using the discounted cash flow method. Goodwill has been allocated to each CGU as indicated in note 4. The following are the principal assumptions that were used to calculate the recoverable amounts for each CGU, based on previous experience.				
Management's key assumptions include stable profit margins, based on past experience in the market with reference to cash flow assumptions. The Group's management believes that this is the best available input for the purposes of forecasting the cash flows.				
Refer to note 4 for the allocation of the cash-generating units goodwill is allocated to, which was specifically assessed per individual CGU for impairment.				

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

29. NET IMPAIRMENT AND IMPAIRMENT REVERSALS (CONTINUED)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Fishing and brands division Pre-tax discount rates: 14% – 23% Number years: 5 Growth rate: 4.5%				
Events and tourism division Pre-tax discount rates: 22% – 31% Number years: 5 Growth rate: 4.5%				
Technology division Pre-tax discount rates: 16% – 25% Number years: 5 Growth rate: 4.5%				
Health and beauty division Pre-tax discount rates: 15% – 26% Number years: 5 Growth rate: 4.5%				
Biotechnology division Pre-tax discount rates: 24% – 30% Number of years: 5 – 10 Growth rate: 4.5%				
For further detail on segmental information refer to note 46.				
Intangible asset with indefinite useful life	–	6 066	–	–
The Group performs impairment tests in relation to intangible assets not ready for use or having an indefinite useful life.				
The recoverable value in relation to the intangible asset were determined based on the value in use using the discounted cash flow method. The recoverable value in the prior year did not exceed the carrying values therefore an impairment was considered necessary in respect of the biosimilar drug under development (refer to note 5). The principal key assumptions used are reflected above.				
For further detail on segmental information refer to note 46.				
	–	6 066	–	–
Total impairment losses/(recognised) reversed	**(2 605)**	5 363	**31 788**	5 694

30. GAIN ON SALE OF BUSINESS

Gain on sale of business	**6 019**	–	–	–

The Group disposed of the going concern in Saratoga Software (Pty) Ltd effective on 1 July 2017. The net assets disposed of amounted to R13 420 817 and the consideration amounted to R19 440 000. The profit on disposal for the year amounted to R6 019 183.

31. GAIN ON BARGAIN PURCHASE

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Gain on bargain purchase	**11 891**	–	**–**	–

During the current year, the Group acquired the going concern of both RVB Distributors CC and Orleans Distributors respectively. As the net assets acquired exceeded the consideration payable, a gain on bargain purchase was recognised. Refer to note 50 - business combinations for more detail.

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
32. FAIR VALUE ADJUSTMENTS				
Breakdown of fair value adjustments				
Listed shares	**(80 395)**	(30 906)	**(424 743)**	7 738
Unlisted shares	**615 478**	225 853	**521 330**	1 110 669
	535 083	194 947	**96 587**	1 118 407
33. PROFIT BEFORE TAX				
Profit before tax for the year is stated after charging (crediting) the following, among others:				
Employee costs				
Salaries, wages, bonuses and other benefits	**176 510**	96 959	**6 739**	10 035
Car allowance	**86**	329	**–**	–
Other allowances	**180**	180	**–**	–
Retirement benefit plans: defined contribution expense	**4 705**	4 049	**–**	–
Long-term incentive scheme	**37**	35	**–**	–
Termination benefits	**147**	2	**–**	–
Total employee costs	**181 665**	101 554	**6 739**	10 035
Less: Employee costs included in cost of merchandise sold and inventories	**(48 821)**	(41 236)	**–**	–
Total employee costs expensed	**132 844**	60 318	**6 739**	10 035
34. INVESTMENT INCOME				
Interest income				
Bank and other cash	**22 594**	2 121	**68**	37
Other interest	**658**	330	**–**	329
Outside quota holders	**651**	663	**–**	–
Total interest income	**23 903**	3 305	**68**	366
35. FINANCE COSTS				
Group companies	**–**	–	**13 007**	10 687
Non-current borrowings	**510**	–	**–**	–
Financial liabilities	**18 629**	21 650	**–**	4 560
Bank	**2 539**	4 162	**645**	936
Late payment of tax	**1 046**	343	**–**	–
Other interest paid	**5 543**	77	**5 022**	–
Total finance costs	**28 267**	26 232	**18 674**	16 183

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

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36. TAXATION

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Major components of the tax expense (income)				
Current				
Local income tax – current period	**40 056**	19 827	**138**	1 303
Local income tax – recognised in current tax for prior periods	**857**	(486)	**(140)**	(448)
Foreign income withholding tax	**114**	–	**–**	–
	41 027	19 341	**(2)**	855
Deferred				
Originating and reversing temporary differences	**114 002**	45 622	**23 731**	275 552
Changes in tax rates	**–**	14 724	**–**	–
	114 002	60 346	**23 731**	275 552
	155 029	79 687	**23 729**	276 407

	GROUP 2017 %	GROUP 2016 %	COMPANY 2017 %	COMPANY 2016 %
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	**28.00**	28.00	**28.00**	28.00
Effect on associate profits/(losses)	**(1.24)**	(0.02)	**–**	–
Effect on capital gain inclusion in relation to fair value adjustments	**(4.40)**	(3.74)	**(3.16)**	(5.38)
Investment revenue	**(0.57)**	(2.88)	**(9.01)**	(3.01)
Net impairments	**0.12**	(0.55)	**(4.85)**	0.34
Increase in tax rate	**–**	3.73	**–**	3.73
Legal fees	**0.36**	0.07	**0.21**	0.06
Audit and accounting fees	**0.03**	0.01	**0.34**	–
Donations and CSI	**0.02**	0.04	**0.08**	0.01
Consulting fees	**0.10**	0.02	**0.49**	–
Facility fees	**–**	0.01	**–**	0.01
Circular fees	**0.01**	–	**0.01**	–
Secretarial fees	**0.01**	–	**0.03**	–
Listing fees	**0.01**	0.02	**0.05**	0.02
Sale of business	**(0.05)**	–	**–**	–
Sponsorship fees	**0.01**	–	**0.05**	–
Fines and charges	**–**	0.01	**0.01**	–
Gain on bargain purchase	**(0.49)**	–	**–**	–
Prior period under/over provision	**0.03**	0.08	**(0.11)**	(0.04)
Enterprise development	**–**	0.01	**0.04**	–
Utilisation of tax losses	**(0.06)**	–	**–**	–
Prior year misstatement of deferred tax	**–**	0.04	**0.76**	–
Movement in unrecognised tax losses	**0.88**	2.72	**–**	–
	22.77	27.57	**12.94**	23.74

36. TAXATION (CONTINUED)

Various subsidiaries have incurred operating losses which result in losses for tax purposes. Deferred tax assets have been raised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset has been recognised amount to R289 526 281 (2016: R244 018 166.91).

Refer to the deferred tax reconciliation under note 12 in relation to the movement reflected above. Deferred tax liabilities recognised upon business combinations have been excluded from the movement.

37. EARNINGS PER SHARE

		2017		2016	
		Gross R'000	Net R'000	Gross R'000	Net R'000
Earnings attributable to ordinary equity holders of the parent entity	IAS 33	–	474 275	–	216 504
Discontinued operations		–	2 810	–	119
Net earnings		–	477 085	–	216 623
Earnings attributable to ordinary equity holders of the parent		–	477 085	–	216 623
Reversal of impairment of intangible assets	IAS 38	–	–	(6 066)	(4 368)
Gain on disposal of subsidiary/business	IFRS 10	(6 019)	(4 334)	(1 034)	(744)
Gain on bargain purchase	IFRS 10	(11 898)	(8 567)	–	–
Loss on disposals of property, plant and equipment	IAS 16	2 844	2 048	582	419
Headline earnings		–	466 232	–	211 930
Continued operations		–	463 422	–	211 811
Discontinued operations		–	2 810	–	119
Weighted average number of shares ('000)			491 339		491 339
Fully diluted weighted average number of shares ('000)			491 339		491 339
Basic earnings and diluted earnings per share (cents)			97.10		44.09
Continued operations			96.53		44.07
Discontinued operations			0.57		0.02
Headline earnings and diluted earnings per share (cents)			94.89		43.13
Continued operations			94.32		43.11
Discontinued operations			0.57		43.02

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

38. CASH GENERATED FROM OPERATIONS

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Profit before taxation	**680 891**	287 740	**183 426**	1 164 107
Adjustments for:				
Depreciation and amortisation	**22 281**	20 681	**85**	80
Losses on disposals of assets	**2 844**	583	**–**	–
Losses on foreign exchange	**3 938**	1 605	**–**	–
Income from equity-accounted investments	**(30 203)**	(242)	**–**	–
Dividends revenue	**(30 064)**	(30 045)	**(46 122)**	(33 312)
Interest revenue	**(23 903)**	(3 305)	**(68)**	–
Finance costs	**28 267**	26 194	**18 674**	16 183
Fair value gains	**(535 083)**	(194 947)	**(96 587)**	(1 118 407)
Gain on bargain purchase in a business combination	**(11 898)**	–	**–**	–
Impairment losses and reversals	**2 605**	(5 363)	**(31 788)**	(5 694)
Movements in operating lease assets and accruals	**(1 382)**	(97)	**–**	–
Movements in provisions	**2 528**	4 752	**(1 882)**	4 044
Gain/(loss) on disposal of business and subsidiary	**(6 019)**	(1 034)	**–**	9 708
Disposal group	**(2 810)**	4 356	**–**	–
Changes in working capital:				
Inventories	**(5 078)**	(13 936)	**–**	–
Trade and other receivables	**(47 376)**	14 555	**5 038**	3 507
Prepayments	**141**	(1 669)	**–**	–
Biological assets	**(6 154)**	(2 007)	**–**	–
Trade and other payables	**29 953**	(21 433)	**3 773**	(3 432)
	73 478	86 385	**34 549**	36 784

39. TAX PAID

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Balance at beginning of the year	**(8 441)**	(6 419)	**86**	(456)
Current tax for the year recognised in profit or loss	**(41 027)**	(19 341)	**2**	(855)
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	**(1 093)**	(851)	**–**	–
Balance at end of the year	**30 915**	8 441	**(992)**	(86)
	(19 646)	(18 170)	**(904)**	(1 397)

40. RELATED PARTIES

Relationships	
Holding company	Sekunjalo Investment Holdings (Pty) Ltd
Subsidiaries	Refer to note 49
Joint arrangements	Refer to note 47
Associates	Refer to note 48

Members of key management personnel:

Key management personnel include the members of the Board, members of the Group, executive committee, business executives and managers. Non-executive directors are included in the definition of key management personnel as well as any close family members of such persons and any entity over which key management exercise control, joint control or significant influence.

38. CASH GENERATED FROM OPERATIONS (CONTINUED)

Associate of key management	Cape Sunset Villas Sekunjalo Development Foundation The Surve Family Foundation Independent Newspapers (Pty) Ltd African News Agency (Pty) Ltd Independent News and Media (Pty) Ltd Sekunjalo Capital (Pty) Ltd 3 Laws Capital (Pty) Ltd

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Related party balances				
Loan accounts – owing (to)/ by related parties				
Subsidiaries	**–**	–	**143 533**	200 712
Holding company	**7 211**	7 952	**7 090**	7 832
Key management	**–**	(36)	**(54)**	(36)
Joint arrangements	**1 558**	397	**(169)**	–
Key management	**1 146**	–	**–**	–
Amounts included in trade receivable/ (trade payable) regarding related parties				
Holding company	**(888)**	(643)	**(776)**	(473)
Subsidiaries	**–**	–	**1 866**	6 967
Subsidiaries	**–**	–	**(3 442)**	(363)
Common controlled entities	**(65)**	(1 978)	**–**	–
Common controlled entity	**–**	156	**–**	–
Joint arrangements	**5 574**	4 703	**–**	–
Related party transactions				
Interest paid to/(received from) related parties				
Subsidiaries	**–**	–	**(25 606)**	(25 193)
Subsidiaries	**–**	–	**13 007**	10 402
Holding company	**(598)**	(177)	**(598)**	(177)
Administration fees paid to/(received from) related parties				
Subsidiaries	**–**	–	**–**	2 279
Subsidiaries	**–**	–	**(29 644)**	(28 582)
Other transactions with related parties				
Common controlled entities	**10 868**	5 213	**528**	8 000
Common controlled entities	**(23 974)**	(9 271)	**(1 377)**	–
Joint arrangements	**(651)**	(1 256)	**–**	–
Subsidiaries	**–**	–	**20 871**	18 004
Holding company	**2 776**	(2 733)	**2 000**	–
Key management	**27**	–	**–**	–
Subsidiaries	**–**	–	**(7 771)**	–
Compensation to directors and other key management personnel				
Salaries and other short-term employee benefits	**47 692**	43 185	**5 987**	5 654
Employee benefits	**–**	227	**–**	112
Travel allowance	**164**	526	**135**	300
Bonus	**2 835**	3 096	**1 635**	1 450
Medical aid contributions	**63**	331	**–**	118
Pension and provident fund contribution	**1 341**	1 590	**661**	551

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

41. DIRECTORS' EMOLUMENTS

Executive

2017	Emoluments R'000	Bonus R'000	Provident fund R'000	Expense allowance R'000	Total R'000
K Abdulla	2 373	1 250	324	38	3 985
C Ah Sing	1 152	180	157	15	1 504
CF Hendricks	801	205	180	15	1 201
	4 326	1 635	661	68	6 690

2016	Emoluments R'000	Bonus R'000	Provident fund R'000	Expense allowance R'000	Total R'000
K Abdulla	2 226	700	294	31	3 251
C Ah Sing	1 077	200	147	15	1 439
CF Hendricks	748	200	169	13	1 130
	4 051	1 100	610	59	5 820

SERVICE CONTRACTS

Non-executive

2017	Directors' fees R'000	Total R'000
Reverend Dr VC Mehana	397	397
S Young	340	340
JM Gaomab	198	198
A Amod	198	198
	1 133	1 133

2016	Directors' fees R'000	Total R'000
Reverend Dr VC Mehana	371	371
S Young	318	318
JM Gaomab	185	185
A Amod	185	185
	1 059	1 059

42. RISK MANAGEMENT

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 9, 10, 20 and 21 cash and cash equivalents disclosed in note 16, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

The Group manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities.

FINANCIAL RISK MANAGEMENT

Fair value

The carrying amounts of the Group's financial instruments approximate their fair values as carried in the financial statements.

The directors monitor the fair value of financial assets by forecasting expected cash flows in respect of the financial assets. Where cash flows can not be adequately demonstrated over a five-year period the terms of the financial assets are reviewed and renegotiated.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. The following policy and procedures are in place to mitigate the Company's exposure to liquidity risk.

The Group's liquidity risk is managed by holding financial assets for which there is a liquid market and holding deposits at recognised financial institutions to meet any negotiated upcoming liquidity requirements. There has been no change in the Group liquidity risk management policy.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

42. RISK MANAGEMENT (CONTINUED)

GROUP

At 31 August 2017	Up to one year* R'000	Two to five years R'000	Total R'000
Bank overdraft	31 045	–	31 045
Trade and other payables	169 986	–	169 986
Finance lease obligations	–	2 816	2 816
Other financial liabilities	54 856	251 475	306 331

At 31 August 2016	Up to one year* R'000	Two to five years R'000	Total R'000
Bank overdraft	9 771	–	9 771
Trade and other payables	74 262	–	74 262
Finance lease obligations	225	117	342
Other financial liabilities	12 587	253 004	265 591

COMPANY

At 31 August 2017	Up to one year* R'000	Two to five years R'000	Total R'000
Bank overdraft	9 950	–	9 950
Trade and other payables	9 593	–	9 593
Other financial liabilities	26 715	37 649	64 364

At 31 August 2016	Up to one year* R'000	Two to five years R'000	Total R'000
Bank overdraft	9 771	–	9 771
Trade and other payables	5 116	–	5 116
Trade and other payables	–	117	117
Other financial liabilities	9 636	31 223	40 859

** Up to one year includes all commitments which are either due within the time frame or are payable on demand.*

The Group has no significant concentration of liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

The following policies and procedures are in place to mitigate the Company's exposure to market risk:

A Group market risk policy sets out the assessment and determination of what constitutes market risk for the Group. Continuous monitoring takes place to ensure that appropriate assets are held where the liabilities are dependent upon the performance of specific portfolios of assets and that a suitable match of assets exists for all non-linked liabilities. Limits are applied in respect of the exposure to asset classes and individual counters.

Compliance with the policy is monitored and exposures and breaches are reported.

42. RISK MANAGEMENT (CONTINUED)

RISK FROM BIOLOGICAL ASSETS

The Group is exposed to financial risks arising from diseases that may affect the abalone. Sufficient insurance cover is taken out to minimise any losses in the event of the above occurring.

INTEREST RATE RISK

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group has no significant concentration of interest rate risk.

At 31 August 2017 and 31 August 2016, if the interest rate had 1% lower or higher with all other variables held constant, post-tax profit for the year would have been R1 985 584 (2016: R2 214 102) lower or higher, based on the 1% interest rate for the year.

Cash flow interest rate risk

Financial instrument	Current interest rate %	Due in one year R'000	Due in two to five years R'000
Trade and other receivables – normal credit terms	–	96 482	–
Cash in current banking institutions	4.75	64 752	–
Overdraft facilities used	10.25	24 802	–
Trade and other payables – normal credit terms	10.25	9 771	–
Other financial liabilities	8.91 – 15.50	12 587	253 004
Finance lease obligations	11.00	225	117

Inflation

The current assumed level of future expense inflation of 6%, after adjusting for internal and external factors, is based on the Reserve Bank's long-term inflation target of between 3% and 6%.

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations

The Group does not hedge foreign exchange fluctuations.

At 31 August 2017, if the currency had been 10% higher or lower against the US dollar with all other variables held constant, post-tax profit for the year would have been R2 506 614 higher or lower (2016: R627 030), mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade receivables, financial assets at fair value through profit or loss.

Profit is more sensitive to movement in rand/US dollar exchange rates in 2017 than 2016 because of the increased amount of US dollar-denominated sales.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

42. RISK MANAGEMENT (CONTINUED)

Foreign currency exposure at the statement of financial position date

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Current assets				
Trade debtors, USD	**926**	408	**–**	–
Trade debtors, EUR	**177**	7	**–**	–
Current liabilities				
Income received in advance, USD	**67**	196	**–**	–
Income received in advance, EUR	**3**	3	**–**	–
Exchange rates used for conversion of foreign items were:				
USD	**12.97**	14.44		
EUR	**15.38**	15.88		

The Group reviews its foreign currency exposure, including commitments on an ongoing basis.

Credit risk is managed on a Group basis.

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk consists mainly of cash deposits, cash equivalents, trade debtors and loans and other receivables. The Group only deposits cash with major banks having high-quality credit standing and limited exposure to any one counterparty. Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. Internal risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with criteria set by the Board. The utilisation of credit limits is regularly monitored.

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

- A Group credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the board of directors. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Net exposure limits are set for each counterparty (i.e. limits are set for investments and cash deposits and minimum credit ratings for investments that may be held).
- The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings.

Credit exposure

The maximum exposure to credit risk is the carrying amount of the financial assets as reflected on the statement of financial position at year-end as well as in relation to guarantees disclosed in note 16.

43. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

GROUP – 2017	Loans and receivables R'000	Fair value through profit or loss – designated R'000	Total R'000
Other financial assets	–	425 524	425 524
Trade and other receivables	138 142	–	138 142
Cash and cash equivalents	625 024	–	625 024
Other loan receivables	35 137	–	35 137
	798 303	425 524	1 223 827

GROUP – 2016	Loans and receivables R'000	Fair value through profit or loss – designated R'000	Total R'000
Other financial assets	–	856 571	856 571
Trade and other receivables	60 355	–	60 355
Cash and cash equivalents	64 480	–	64 480
Other loan receivables	16 301	–	16 301
	141 476	856 571	998 047

COMPANY – 2017	Loans and receivables R'000	Fair value through profit or loss – designated R'000	Total R'000
Loans to Group companies	231 178	–	231 178
Other financial assets	–	51 438	51 438
Cash and cash equivalents	1 084	–	1 084
Investments in subsidiaries	–	2 247 145	2 247 145
Trade and other receivables	6 657	–	6 657
	238 919	2 298 583	2 537 502

COMPANY – 2016	Loans and receivables R'000	Fair value through profit or loss – designated R'000	Total R'000
Loans to Group companies	247 396	–	247 396
Other financial assets	–	34 703	34 703
Trade receivables	11 987	–	11 987
Cash and cash equivalents	2 776	–	2 776
Investments in subsidiaries	–	2 106 545	2 106 545
	262 159	2 141 248	2 403 407

Employee costs in advance, prepayments and VAT have been excluded from the trade receivables amount.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

44. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

GROUP – 2017	Financial liabilities at amortised cost R'000	Total R'000
Other financial liabilities	292 854	292 854
Trade and other payables	163 109	163 109
Bank overdraft	44 522	44 522
Finance lease obligation	2 808	2 808
	503 293	503 293

GROUP – 2016	Financial liabilities at amortised cost R'000	Total R'000
Other financial liabilities	327 266	327 266
Trade and other payables	70 960	70 960
Bank overdraft	9 771	9 771
Finance lease obligation	342	342
	408 339	408 339

COMPANY – 2017	Financial liabilities at amortised cost R'000	Total R'000
Loans from Group companies	89 962	89 962
Other financial liabilities	50 887	50 887
Trade and other payables	9 346	9 346
Bank overdraft	23 427	23 427
	173 622	173 622

COMPANY – 2016	Financial liabilities at amortised cost R'000	Total R'000
Loans from Group companies	83 371	83 371
Other financial liabilities	40 869	40 869
Trade and other payables	4 319	4 319
Bank overdraft	9 771	9 771
Finance lease obligation	117	117
	138 447	138 447

45. COMMITMENTS

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Authorised capital expenditure				
– Authorised by directors and not yet contracted for	**223 000**	12 491	**–**	–
This committed expenditure relates to plant and equipment and will be financed by available bank facilities over the next 12 months.				
Operating leases – as lessee (expense)				
Smoothed lease payments due				
– within one year	**6 798**	8 234	**–**	–
– in second to fifth year inclusive	**3 229**	6 896	**–**	–
– later than five years	**354**	407	**–**	–
	10 381	15 537	**–**	–
Minimum lease payments due (contractual amounts)				
– within one year	**7 753**	9 032	**–**	–
– in second to fifth year inclusive	**3 508**	8 196	**–**	–
– later than five years	**213**	487	**–**	–
	11 474	17 715	**–**	–

The fishing and brands division rents all its premises from Lexshell (Pty) Ltd and the Department of Public Works in terms of operating leases. The lease contract with Lexshell (Pty) Ltd is for a period of 25 years and escalating rentals are negotiated every five years. The lease contract with the Departments of Public Works is for a period of nine years and 11 months.

The events and tourism division operating lease payments represent rentals payable by the Company for certain of its office properties, and parking to Tripos Travel (Pty) Ltd and Magic 828 (Pty) Ltd. Leases are negotiated for an average term of five to ten years and rentals are fixed, escalating at 7% to 10% per annum. No contingent rent is payable.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

46. SEGMENTAL INFORMATION

	Fishing and brands R'000	Tech-nology R'000	Tele-communi-cations R'000	Combined technology and tele-communi-cations R'000	Health and beauty R'000	Bio-tech-nology R'000	Events and tourism R'000	Corporate R'000	Food R'000	Combined corporate and strategic invest-ments R'000	Group R'000
31 August 2017											
Revenue	410 694	475 644	–	475 644	14 886	99	124 235	130 611	5 899	136 510	1 162 068
External sales	407 814	475 587	–	475 587	14 886	99	118 813	29 098	5 899	34 997	1 052 196
Inter-group sales	2 880	57	–	57	–	–	5 422	101 513	–	101 513	109 872
Segment results:											
Operating profit/(loss)	76 678	48 692	569 963	618 655	11 224	(13 169)	(1 492)	32 747	(69 591)	(36 844)	655 052
Discontinued operations	–	2 810	–	2 810	–	–	–	–	–	–	2 810
Included in the segment results:											
Net (impairments)/ impairment reversals and write offs	–	–	–	–	–	–	–	(2 605)	–	(2 605)	(2 605)
Depreciation and amortisation	(14 262)	(3 997)	–	(3 997)	(73)	(2 260)	(239)	(1 451)	–	(1 451)	(22 281)
Gain on bargain purchase	–	–	–	–	11 898	–	–	–	–	–	11 898
Gain on disposal of subsidiaries/business	–	6 019	–	6 019	–	–	–	–	–	–	6 019
Fair value adjustments	–	13	570 000	570 013	–	–	286	40 171	(75 387)	(35 216)	535 083
Non-current assets	156 119	83 205	780 559	863 763	40 365	349 706	10 207	225 962	209 091	435 053	1 855 213
Current assets	706 873	213 958	6	213 964	17 756	3 337	19 160	5 806	44	5 850	966 940
Non-current liabilities	89 957	14 368	–	14 368	16 798	91 066	720	114 575	133 817	248 392	461 302
Current liabilities	88 181	142 506	34	142 540	19 245	3 955	16 090	52 360	–	52 360	322 371
Profit from associates	–	(529)	30 814	30 285	(82)	–	–	–	–	–	30 203
Capital expenditure	17 543	3 268	–	3 268	–	16	89	135	–	135	21 051
31 August 2016											
Revenue	401 692	169 910	15 550	185 460	4 292	4	127 990	100 028	5 597	105 625	825 063
External sales	401 210	168 666	15 550	184 216	4 292	4	126 978	13 272	5 597	18 869	735 569
Inter-group sales	482	1 244	–	1 244	–	–	1 022	86 756	–	86 756	89 504
Segment results:											
Operating profit/(loss)	74 814	31 649	224 659	256 308	(1 850)	(3 166)	5 199	12 216	(33 134)	(20 918)	310 387
Discontinued operations	–	3 156	–	3 156	(3 134)	–	–	97	–	97	119
Included in the segment results:											
Net (impairments)/ impairment reversals and write offs	–	–	–	–	–	6 402	–	(1 039)	–	(1 039)	5 363
Depreciation and amortisation	(13 608)	(1 999)	–	(1 999)	(851)	(2 609)	(254)	(1 286)	–	(1 286)	(20 607)
Gain on disposal of subsidiaries/business	–	–	–	–	1 034	–	–	–	–	–	1 034
Fair value adjustments	–	14	209 109	209 123	–	–	(27)	24 495	(38 644)	(14 149)	194 947
Non-current assets	149 831	15 503	409 211	424 714	21 770	350 375	12 950	183 901	284 478	468 379	1 428 019
Current assets	159 452	67 424	7	67 431	7 944	2 223	19 282	6 868	–	6 868	263 200
Non-current liabilities	94 692	270	85 603	85 873	183	89 367	1 907	141 039	146 947	287 986	560 008
Current liabilities	58 968	20 978	32	21 010	2 567	1 078	16 047	30 506	–	30 506	130 176
Profit from associates	–	160	–	–	82	–	–	–	–	–	242
Capital expenditure	9 295	1 121	–	1 121	–	527	287	1 261	–	1 261	12 491

46. SEGMENTAL INFORMATION (CONTINUED)

SEGMENTAL ANALYSIS

Information on geographical regions

The operations of the Group are domiciled in South Africa. A total of 28% (2016: 28%) of external revenue is attributable to foreign sales mainly to the Far East, United States of America 22% (2016: 26%) and Europe 6% (2016: 14%).

Information on customers

37% (2016: 16%) of the Group's revenue comes from the public sector mainly in the Western Cape. The balance comes sales from the private sector. National Health Laboratory Services accounts for more than 9% (2016: 9%) of the Group's revenue.

Additional information

During the year, the Group purchased an investment forming part of the health and beauty division. Refer to note 50 – Business combinations.

47. INFORMATION ON JOINT ARRANGEMENTS

Name of joint arrangement	Date of acquisition	Effective % held 2017	Effective % held 2016	Nature of business
Bloudam Fishing (Pty) Ltd	1 September 2003	**38.00**	38.00	Packaging of west coast rock lobster
Contronics (Pty) Ltd	1 September 2015	**50.00**	50.00	Leasing of assets
Premier – BCP Hake	1 March 2003	**48.00**	48.00	Catching of hake
Premier Seacat	1 November 2002	**50.00**	50.00	Catching of squid
Premier Select (Pty) Ltd	1 September 2006	**50.00**	50.00	Dormant
Amethst (Pty) Ltd	1 September 2008	**47.02**	47.02	Information Technology
Exaro HST Ltd	1 September 2013	**47.02**	47.02	Information Technology

The Premier – BCP Hake Joint Venture is a jointly controlled operation with Blue Continental Products (Pty) Ltd. The operation is engaged in the catching, processing and marketing of Premier Fishing SA (Pty) Ltd's hake fishing rights together with that of the joint operation partner.

The Premier – Seacat Joint Venture is a jointly controlled operation with Seacat Fishing (Pty) Ltd. Premier Fishing SA (Pty) Ltd and Seacat Fishing (Pty) Ltd jointly own and operate a fishing vessel which catches and processes squid.

The Bloudam Joint Venture is a jointly controlled operation in which Premier Fishing SA (Pty) Ltd owns a share in a fishing vessel with external quota holders. The fishing vessel catches west coast rock lobster on behalf of Premier Fishing SA (Pty) Ltd and the external quota holders.

Premier Select (Pty) Ltd is a joint venture in which Premier Fishing owns a 50% equity share and was incorporated and operates principally in South Africa. The investment in joint venture is measured using the equity method.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

48. INFORMATION ON ASSOCIATES

Name of associate	Date of acquisition	Effective % held 2017	Effective % held 2016	Nature of business
BT Communication Services South Africa (Pty) Ltd	23 November 2016	**30.00**	–	Telecommunications
Emergent Energy (Pty) Ltd	1 November 2010	**23.51**	23.51	Renewable Energy

BT Communication Services South Africa (Pty) Ltd is a company incorporated and operates in South Africa. The investment in associate is measured using the equity method. The summarised information presented above reflects the financial statements of the associates.

Emergent Energy (Pty) Ltd is a company incorporated and operates principally in South Africa. The investment in associate is measured using the equity method. The summarised information presented above reflects the financial statements of the associates.

49. INFORMATION ON SUBSIDIARIES

Name of subsidiary	Issued capital 2017	Issued capital 2016	Effective % held 2017 %	Effective % held 2016 %	Nature of business
AEEI Events and Tourism (Pty) Ltd	**100**	100	**100**	100	Events
AEEI Corporate Finance (Pty) Ltd	**100**	–	**100**	–	Dormant
AEEI Properties (Pty) Ltd	**100**	100	**100**	100	Properties
African Biotechnological and Medical Innovations Investments (Pty) Ltd	**300**	300	**100**	100	Biotechnology investments
Afrozaar Consulting (Pty) Ltd	**100**	100	**32**	32	Information technology
Atlantic Fishing Enterprises (Pty) Ltd	**100**	100	**100**	100	Fishing
Bioclones (Pty) Ltd	**188 547 191**	85 389	**74**	50	Biotechnology investments
Bowwood and Main No. 180 (Pty) Ltd	**300 000**	300 000	**60**	60	Investment holding
Business Venture Investments No 1581 (Pty) Ltd	**8 767**	8 767	**100**	100	Investments in food
Chapman's Peak Fisheries (Pty) Ltd	**18 000**	18 000	**100**	100	Fishing
Digital Matter (Pty) Ltd	**100**	100	**32**	32	Information technology
espAfrika (Pty) Ltd	**100**	100	**51**	51	Event management
Fish Drying Corporation (Pty) Ltd	**4**	4	**80**	80	Dormant company
Kalula Communications (Pty) Ltd	**100**	–	**51**	–	Information technology
Health System Technologies (Pty) Ltd	**2 000**	2 000	**80**	84	Information technology
– Voting	**–**	–	**80**	84	
Integrated Bioworks (Pty) Ltd	**100**	100	**60**	60	Biotechnology investments
John Ovenstone Ltd	**1 042 000**	1 042 000	**100**	100	Dormant company

49. INFORMATION ON SUBSIDIARIES (CONTINUED)

Name of subsidiary	Issued capital 2017	Issued capital 2016	Effective % held 2017 %	Effective % held 2016 %	Nature of business
John Quality (Pty) Ltd	**6 000**	6 000	**100**	100	Dormant company
Kuttlefish (SA) (Pty) Ltd	**10**	10	**100**	100	Dormant company
Kilomax (Pty) Ltd	**100**	100	**100**	100	Investments in telecommunication
Magic 828 (Pty) Ltd	**100**	100	**40**	40	Radio station
Marine Growers (Pty) Ltd	**1 694 500**	1 694 500	**100**	100	Aquaculture
Opispex (Pty) Ltd	**120**	120	**65**	65	Leasing of broadcast and studio equipment
Orleans Cosmetics (Pty) Ltd	**100**	–	**90**	–	Health and beauty
Premier Fishing (SA) (Pty) Ltd	**100 000**	100 000	**100**	100	Fishing
Premier Fishing and Brands Ltd (formerly Sekunjalo Industrial Holdings Ltd)	**507 516 652**	100	**55**	100	Fishing
Premfresh Seafoods (Pty) Ltd	**100**	100	**100**	100	Fishing
Puleng Technologies (Pty) Ltd	**100**	–	**57**	–	Information technology
Saratoga Software (Pty) Ltd	**8 073**	8 073	**43**	43	Information technology
Sekfish Investments (Pty) Ltd	**8**	8	**100**	100	Fishing investments
Sekunjalo Aquaculture (Pty) Ltd	**200**	200	**100**	100	Marine agriculture
Sekunjalo Consumer Products (Pty) Ltd	**8 767**	8 767	**100**	100	Investment in food
Sekunjalo Food and Fishing (Pty) Ltd	**100**	100	**100**	100	Fishing investments
AYO Technology Solutions (formerly Sekunjalo Technology Solutions Ltd)	**184 129 087**	168 828 087	**80**	84	IT investments
– Voting	**–**	–	**80**	84	
Sekunjalo Health and Medical Commodities (Pty) Ltd	**100**	100	**76**	76	Medical manufacturing
Sekunjalo Medical Services (Pty) Ltd	**100**	100	**80**	84	IT investments
– Voting	**–**	–	**80**	84	
Sekunjalo Technology Solutions Group (Pty) Ltd	**100**	100	**100**	100	IT investments
South Atlantic Jazz Festival (Pty) Ltd	**100**	100	**51**	51	Media
Southern Ocean Fishing (Pty) Ltd	**100**	100	**80**	80	Dormant company
Tripos Travel (Pty) Ltd	**100**	100	**56**	56	Travel
World Wide Creative (Pty) Ltd	**100**	100	**32**	32	Information technology
Wynberg Pharmaceuticals (Pty) Ltd	**100**	100	**100**	100	Health
– Voting	**–**	–	**100**	100	

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

50. BUSINESS COMBINATIONS

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Aggregated business combinations				
Property, plant and equipment	5 922	–	–	–
Intangible assets	44 797	–	–	–
Inventories	4 458	–	–	–
Loans	1 153	–	–	–
Trade and other receivables	62 756	–	–	–
Cash and cash equivalents	12 966	–	–	–
Other financial liabilities	(3 797)	–	–	–
Deferred tax	(12 543)	–	–	–
Provisions	(1 495)	–	–	–
Trade and other payables	(65 770)	–	–	–
Current tax payable	(1 092)	–	–	–
Total identifiable net assets	47 355	–	–	–
Non-controlling interest	(9 902)			
Goodwill	30 740	–	–	–
Gain on a bargain purchase in a business combination	(11 755)	–	–	–
	56 438	–	–	–
Consideration paid				
Goodwill	(33 499)	–	–	–
Equity	(15 301)			
Contingent consideration	(7 638)	–	–	–
	(56 438)	–	–	–
Net cash outflow on acquisition		–	–	–
Cash consideration paid	(14 565)	–	–	–
Cash acquired	12 966	–	–	–
	(1 599)	–	–	–

50. BUSINESS COMBINATIONS (CONTINUED

Kalula Communications (Pty) Ltd

Effective 1 September 2016, the Group acquired 51% of the equity in Kalula Communications (Pty) Ltd trading as "Headset Solutions", which result in the Group obtaining control of Kalula Communications (Pty) Ltd. The company is involved in headsets and communication devices, which enhance the Group' strategy to diversify its IT portfolio.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Fair value of assets acquired and liabilities assumed				
Property, plant and equipment	3 905	–	–	–
Intangible assets	9 876	–	–	–
Inventories	4 458	–	–	–
Other financial liabilities	(3 797)	–	–	–
Trade and other receivables	13 104	–	–	–
Cash and cash equivalents	(1 035)	–	–	–
Deferred tax	(2 765)	–	–	–
Provisions	(1 495)	–	–	–
Trade and other payables	(9 241)	–	–	–
Current tax payable	(981)	–	–	–
Total identifiable net assets	12 029	–	–	–
Non-controlling interest	(5 894)			
Goodwill	8 465	–	–	–
	14 600	–	–	–
		–	–	–
Acquisition date fair value of consideration paid				
Equity	(9 876)			
Cash	(4 724)			
	(14 600)	–	–	–

Equity issued as part of consideration paid

The fair value of 1 316 800 ordinary shares issued as part of the consideration for the business combination was determined based on the free cash flow of the Company, less the balance sheet values (at the acquisition date) of debt and other financing, plus cash on hand (per balance sheet) which is in excess of normal working capital requirements.

Revenue and profit or loss of Kalula Communications (Pty) Ltd

Revenue of R64 175 186 and profit of R596 812 have been included in the Group's results since the date of acquisition.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

50. BUSINESS COMBINATIONS (CONTINUED)

Puleng Technologies (Pty) Ltd

On 1 October 2016, the Group acquired 57% of the voting equity interest of Puleng Technologies (Pty) Ltd which resulted in the Group obtaining control over Puleng Technologies (Pty) Ltd. Puleng Technologies (Pty) Ltd is principally involved in the user and data security industry. It is also expecting to reduce costs through economies of scale.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Fair value of assets acquired and liabilities assumed				
Property, plant and equipment	1 155	–	–	–
Loans	1 153	–	–	–
Trade and other receivables	49 652	–	–	–
Current tax payable	(111)	–	–	–
Cash and cash equivalents	14 001			
Trade and other payables	(56 529)	–	–	–
Total identifiable net assets	9 321	–	–	–
Non-controlling interest	(4 008)			
Goodwill	22 275	–	–	–
	27 588	–	–	–
Acquisition date fair value of consideration paid				
Cash	(14 525)	–	–	–
Equity	(5 425)	–	–	–
Contingent consideration	(7 638)	–	–	–
	(27 588)	–	–	–

Contingent consideration arrangements

The Group is required to pay the previous owners of Puleng Technologies a cash amount ranging from R1 580 000 to R2 230 000 for each year the target is met for three years subject to a profit warranty adjustments. The target is based on Net Profit After Tax meeting certain thresholds.

The fair value of the contingent consideration arrangement was determined at acquisition date and included in the consideration.

Revenue and profit or loss of Kalula Communications (Pty) Ltd

Revenue of R251 134 250 and profit of R12 847 511 of Puleng Technologies (Pty) Ltd have been included in the group's results since the date of acquisition.

Orleans Cosmetics (Pty) Ltd

On 1 May 2017, the Group concluded the acquisition of 90% of voting rights of Orleans Cosmetics (Pty) Ltd (Orleans) which resulted in control over the company. Orleans is involved with the distribution of skincare products.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Fair value of assets acquired and liabilities assumed				
Property, plant and equipment	862	–	–	–
Investment property	34 921	–	–	–
Deferred tax	(9 778)	–	–	–
Total identifiable net assets	25 143	–	–	–
Gain on a bargain purchase in a business combination	(11 755)	–	–	–
	14 250	–	–	–
Acquisition date fair value of consideration paid				
Cash	(14 250)	–	–	–

50. BUSINESS COMBINATIONS (CONTINUED)

Acquisition related costs

The acquisition related costs amounted to R 495 000. These costs have been expensed in the year of acquisition and are included in operating expenses in comprehensive income.

Gain on acquisition

A gain of R11 754 710 was recognised on acquisition. The gain resulted from contingent liabilities which could not be recognised as their fair value could not be measured.

Revenue and profit or loss of Orleans (Pty) Ltd

Revenue of R9 656 582 and profit of R11 809 083 have been included in the Group results since date of acquisition.

Group revenue and profit/(loss) for full year

Had all the business combinations taken place at the beginning of the reporting year, the revenue for the Group would have been the same as this was a start up company which purchased a going concern.

51. FAIR VALUE INFORMATION

Fair value hierarchy

Financial assets, financial liabilities and non-financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The following table shows the carrying amounts and fair values of financial assets and non-financial assets measured at fair value, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

51. FAIR VALUE INFORMATION (CONTINUED)

Levels of fair value measurements

Level 1

Recurring fair value measurements

		GROUP		COMPANY	
Assets	Notes	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Financial assets designated at fair value through profit/(loss)	11				
Investment in listed public companies		235 298	302 216	26 207	17 738
Total		235 298	302 216	26 207	17 738

Level 3

Recurring fair value measurements

		GROUP		COMPANY	
Assets	Notes	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Biological assets					
Abalone		54 323	48 169	–	–
Financial assets designated at fair value through profit/(loss)	11				
Investments in unlisted private companies		164 995	537 390	–	–
Investments in unlisted public companies		25 231	16 965	25 231	16 965
Total financial assets designated at fair value through profit/(loss)		190 226	554 355	25 231	16 965
Total		244 549	602 524	25 231	16 965
Non-recurring fair value measurements					
Other					
Distribution rights – (Orleans Cosmetics (Pty) Ltd		34 921	–	–	–
Total		34 921	–	–	–

51. FAIR VALUE INFORMATION (CONTINUED)

Transfers of assets and liabilities within levels of the fair value hierarchy

	Opening balance R'000	Gains/(losses) recognised in profit/(loss) R'000	Purchases R'000	Closing balance R'000
Investment in listed companies	302 216	(80 395)	13 477	235 298

Reconciliation of assets and liabilities measured at level 3

GROUP – 2017	Notes	Opening balance R'000	Gains/(losses) recognised in profit/(loss) R'000	Purchases R'000	Disposals R'000	Transfer into level 3 R'000	Closing balance R'000
Assets							
Biological assets							
Biological assets		48 169	44 006	–	(37 852)	–	54 323
Financial assets designated at fair value through profit/(loss)	11						
Investments in unlisted private companies		537 390	606 912	–	–	(907 875)	236 427
Investments in unlisted public companies		16 965	8 266	–	–	–	25 231
Total financial assets designated at fair value through profit/(loss)		554 355	615 178	–	–	(907 875)	261 658
Other							
Distribution rights		–	–	34 921	–	–	34 921
Total		602 524	659 184	34 921	(37 852)	(907 875)	350 902

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

51. FAIR VALUE INFORMATION (CONTINUED)

Reconciliation of assets and liabilities measured at level 3 (continued)

GROUP – 2016	Notes	Opening balance R'000	Gains/ losses recognised in profit or loss R'000	Gains/ losses recognised in other compre-hensive income R'000	Sales R'000	Settle-ments R'000	Transfer into level 3 R'000	Transfer out of level 3 R'000	Closing balance R'000
Assets									
Biological assets									
Abalone		46 162	43 230	–	(41 223)	–	–	–	48 169
Financial assets at fair value through profit/(loss) – held for trading	11								
Endowment policy		286	16 670	–	–	–	–	–	16 956
Investments in unlisted public companies		201 576	335 814	–	–	–	–	–	537 390
Investments in unlisted private companies									
Total financial assets at fair value through profit/(loss) – held for trading		201 862	352 484	–	–	–	–	–	554 346
Other									
Radio licence	4	8 865	–	–	–	–	–	(70)	8 795
Total		256 889	395 714	–	(41 223)	–	–	(70)	611 310

COMPANY – 2017	Notes	Opening balance R'000	Gains/ (losses) recognised in profit/ (loss) R'000	Purchases R'000	Disposals R'000	Transfer into level 3 R'000	Closing balance R'000
Assets							
Reconciliation of assets and liabilities measured at level 3							
Investments in subsidiaries at fair value	6						
Investments in subsidiaries		1 093 360	560 335	–	–	–	1 653 695
Financial assets designated at fair value through profit/(loss)	11						
Investments in unlisted public companies		16 965	8 266	–	–	–	25
Total		1 110 325	568 601	–	–	–	1 678 926

51. FAIR VALUE INFORMATION (CONTINUED)

Reconciliation of assets and liabilities measured at level 3 (continued)

COMPANY – 2016	Notes	Opening balance R'000	Gains/ losses recognised in profit or loss R'000	Gains/ losses recognised in other compre-hensive income R'000	Sales R'000	Settle-ments R'000	Transfer into level 3 R'000	Transfer out of level 3 R'000	Closing balance R'000
Assets									
Investments in subsidiaries at fair value	6								
Investments in subsidiaries		1 006 948	1 099 597	–	–	–	–	–	2 106 545
Financial assets designated at fair value through profit/ (loss)	11								
Investments in listed public companies		–	7 738	10 000	–	–	–	–	17 738
Investments in unlisted public companies		286	16 679	–	–	–	–	–	16 965
Total financial assets designated at fair value through profit/ (loss)		286	24 417	10 000	–	–	–	–	34 703
Total		1 007 234	1 124 014	10 000	–	–	–	–	2 141 248

Gains and losses recognised in profit or loss for biological assets are included in cost of sales in the statement of comprehensive income.

Gains and losses recognised in profit or loss for investments in subsidiaries, investments in associates and other financial assets are included in fair value adjustments in the statement of comprehensive income.

Financial instruments measured at cost for which a fair value is disclosed

Financial assets that are not measured at fair value, namely trade and other receivables, cash and cash equivalents and loans receivable are categorised as loans and receivables. It has been concluded that the carrying amounts of these assets approximate their fair values. Refer to notes 10, 15 and 16.

Financial liabilities that are not measured at fair value, namely trade and other payables and other financial liabilities are categorised as other financial liabilities. It has been concluded that the carrying amount of these liabilities approximate their fair values. Refer to notes 20 and 24.

Valuation techniques used to derive level 3 fair values

The value of abalone is calculated by taking into account the selling price of the abalone, less costs associated with the sale. The net sales price less costs to sell is then applied to the total weight of the abalone per size category as at year-end with other inputs such as the weight loss of the abalone and the USD foreign currency spot rate. The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change in the most significant input by 1% while holding all other variables constant, is shown in the following table:

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

51. FAIR VALUE INFORMATION (CONTINUED)

	Profit after tax	
	1% increase	**1% decrease**
Weight loss	392	(392)
USD spot rate	439	(439)
Processing rate	(10)	(10)

INFORMATION ABOUT VALUATION TECHNIQUES AND INPUTS USED TO DERIVE LEVEL 3 FAIR VALUES

Fair value of radio licence

The valuation method used in determining the fair value of the radio licence is the discounted cash flow technique. A capital asset pricing model is used in which the present value of the expected cash flows of the investment are determined. The expected cash flows are determined by considering the income generation and relevant expenditure in terms of advertising contracts.

The key unobservable inputs, together with the weighted average range of probabilities, are as follows:

Investments in subsidiaries and associates

The valuation method in subsidiaries and associates is determined by using the discounted cash flow technique. A capital asset pricing model is used in which the present value of the expected cash flows of the investment are determined. The expected cash flows are determined by considering the current and planned operational activities of each investment.

	WACC 2017	WACC 2016
Fishing and brands division	**14% – 23%**	14% – 23%
Technology Solutions division	**16% – 25%**	14% – 26%
Corporate and strategic divisions	**10% – 24%**	17% – 25%
Health and beauty division	**15% – 25%**	38% – 39%
Biotechnology division	**24% – 30%**	21% – 29%
Events and tourism division	**22% – 30%**	32% – 36%
Other assumptions used:		
Target debt/equity ratio	**0% – 80%**	0% – 75%
Beta	**1.00 – 1.52**	1.00 – 1.52
Specific risk premium	**0% – 22.75%**	1% – 23%
Terminal growth rate	**5%**	4% – 7%

The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change of 1% – 10% in the most significant input while holding all other variables constant, will result in the following changes in fair values.

		Weighted average range of probabilities	
	Change %	2017 R'000	2016 R'000
Cost of debt	1	**24 397**	48 012
Beta	0.1	**67 683**	46 687
Weighted average cost of capital	1	**245 817**	238 323
Specific risk premium	1	**157 372**	165 902
Target debt/equity ratio	10	**128 944**	144 437
Terminal growth	1	**137 933**	152 037

51. FAIR VALUE INFORMATION (CONTINUED)

Other financial assets

The valuation method in other financial assets is determined by using the discounted cash flow technique. A capital asset pricing model is used in which the present value of the expected cash flows of the investment are determined. The expected cash flows are determined by considering the current and planned operational activities of each investment.

Significant assumptions	2017	2016
Weighted average cost of capital	10% – 17.5%	17% – 18%
Target debt/equity ratio	20% – 30%	20% – 30%
Beta	1.00 – 1.30	1.00 – 1.40
Specific risk premium	2%	1% – 2%
Terminal growth rate	5%	4% – 5%

The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change in the most significant input while holding all other variables constant, will result in the following changes in fair values.

	Change %	Weighted average range of probabilities 2017 R'000	2016 R'000
Cost of debt	1	24 978	4 931
Beta	0.1	83 566	13 225
Weighted average cost of capital	1	179 817	29 916
Specific risk premium	1	147 070	24 573
Target debt/equity ratio	10	84 287	21 959
Terminal growth rate	1	109 122	17 545

Valuation processes applied by the Group

The fair value of standing timber is performed by the Group's finance department and operations team, on a quarterly basis. The finance department reports to the Group's chief financial officer (CFO). The valuation reports are discussed with the investment committee in accordance with the Group's reporting policies.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

52. RECLASSIFICATION OF PRIOR YEAR FIGURES

During the current financial year, a detailed analysis of the dividends and interest received from AEEI's underlying investments was performed by management. As part of this assessment, management investigated certain dividend and interest received, which were previously disclosed under investment income in the year-end financial statements in line with the JSE monitoring guidance provided. Based on the findings, management reclassified these dividend and interest received to better reflect the nature of these income streams.

Due to the nature of the activities of the Company, it has been classified as an investment entity.

The effects of the reclassification are as follows:

GROUP – 2016

Consolidated statement of profit or loss	As previously stated	Reclassification of dividends and interest revenue	Reclassification as result disposal group	Restated
Revenue	752 203	30 048	(46 682)	735 569
Cost of sales	(495 646)	-	35 368	(460 278)
Other income	3 454	-	(742)	2 712
Operating expenses	(176 855)	-	7 895	(168 960)
Investment revenue	33 592	(30 048)	(239)	3 305
Finance cost	(26 232)	-	38	(26 194)
Taxation	(80 538)	-	1 206	(79 332)
Consolidated statement cash flows				
Cash generated from operations	86 187	–	198	86 385
Interest revenue	3 544	(330)	91	3 305
Dividend revenue	30 048	–	(3)	30 045
Finance cost	(26 232)	–	44	(26 188)

COMPANY – 2016

Consolidated statement of profit or loss	As previously stated	Reclassification of dividends and interest revenue	Reclassification as result disposal group	Restated
Revenue	25 843	60 193	–	86 756
Investment revenue	58 540	(58 174)	–	366
Consolidated statement cash flows				
Cash generated from operations	11 556	24 862	–	36 418
Interest revenue	25 228	(24 862)	–	366

53. DIVIDEND PAYABLE

A final dividend of 5.50 cents has been approved by the Board of directors on 30 October 2017 in South African currency in respect of the year ended 31 August 2017. The dividend is payable on 22 January 2018 to shareholders recorded in the register of the Company at close of business on 16 January 2018.

54. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

55. CONTINGENT LIABILITIES

A claim from an existing subsidiary shareholder has been granted application for appeal against the company with the Supreme Court of Appeal for an alleged breach of contract.

The claim amount is R4m with costs.

Due to the nature of litigation, the company's legal advisors have advised that the outcome is unpredictable.

The matter was previously dismissed on the first application in the Western Cape High Court. A second application for appeal was also dismissed with costs.

56. EVENTS AFTER THE REPORTING PERIOD

Subsequent to year-end, the Group, through its subsidiary Premier Fishing SA (Pty) Ltd, entered into a binding Heads of Agreement with Talhado Fishing Enterprises (Pty) Ltd (Talhado) to acquire a 50.01% stake in their business. The effective date of the transaction is 30 November 2017, subject to conditions precedent in the Heads of Agreement. Talhado is the largest squid player in the South African market and the acquisition fits in line with the Group's growth strategy to expand organically or through acquisitions. This acquisition will also increase the diversification to our product basket. A SENS announcement in relation to the transaction was released on 18 October 2017.

As detailed in the SENS, the Talhado transaction is undertaken at a four to six times historic profit after tax multiple which is earnings enhancing to shareholders of Premier Fishing and Brands Ltd.

The Board of AEEI has approved the proposed listing on the JSE main board subject to all regulatory approvals of its information technology division in the short to medium term (short term: six months, medium term: 12 months).

On the 3rd of November 2017, AEEI acquired an additional 24.5% shares in espAfrika (Pty) Ltd from an existing shareholder by exercising its pre-emptive rights in espAfrika (Pty) Ltd.

57. DIVIDENDS PAID

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Balance at beginning of the year	–	(750)	–	–
Dividends declared	**(25 804)**	(12 292)	**(25 804)**	(12 292)
	(25 804)	(13 042)	**(25 804)**	(12 292)

Dividends are distributed out of capital reserves.

ANALYSIS OF SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 AUGUST 2017

DIRECTORS INTEREST IN SHARES

INTEREST IN SHARE CAPITAL "B" CLASS ORDINARY SHARES – LISTED

MAJOR SHAREHOLDERS

Shareholder information as at 31 August 2017

The Company's shareholders as at 31 August 2017 can be summarised as follows:

ANALYSIS OF SHAREHOLDINGS AS AT 31 AUGUST 2017

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total issued shares
1 – 5 000	1 053	57.64%	1 747 532	0.36%
5 001 – 10 000	274	15.00%	2 224 678	0.45%
10 001 – 100 000	361	19.76%	12 078 066	2.46%
100 001 – 1 000 000	104	5.69%	32 659 667	6.65%
1 000 001 – and more	35	1.92%	442 629 491	90.09%
Total	1 827	100.00%	491 339 434	100.00%

MAJOR SHAREHOLDERS (5% AND MORE OF THE SHARES IN ISSUE)

	Number of shares	Percentage of total issued shares
Sekunjalo Investment Holdings (Pty) Ltd	300 552 582	61.17%
Miramare Investments (Pty) Ltd	46 439 801	9.45%
Total	346 992 383	70.62%

DISTRIBUTION OF SHAREHOLDERS

	Shareholders		Shares	
	Number	Percentage	Number	Percentage
Individuals	1 608	88.01%	50 059 292	10.19%
Nominee companies and trusts	96	5.25%	45 631 735	9.29%
Public companies	5	0.27%	178 502	0.04%
Close corporations and private companies	118	6.47%	395 469 905	80.48%
Total	1 827	100.00%	491 339 434	100.00%

NON-PUBLIC AND PUBLIC SHAREHOLDING

Non-public:	10	0.55%	361 989 883	73.67%
Directors	6	0.33%	2 473 110	0.50%
>than 10% of I/C	1	0.05%	300 552 582	61.17%
Associates	3	0.16%	58 964 191	12.00%
Public	1 817	99.45%	129 349 551	26.33%
Totals	1 827	100.00%	491 339 434	100.00%

SHARE TRADING STATISTICS

	Market price per share (cents)
High	450
Low	200
Year-end	350
Volume traded (shares)	16 033 789
Value traded (rand)	54 446 485
Volume of shares traded as a percentage of issued capital	3.26%
Market capitalisation at 31 August 2017 (rand)	1 719 688 019
Market capitalisation at 7 November 2017 (rand)	2 653 232 944

SHAREHOLDERS' DIARY

ANNUAL GENERAL MEETING

Wednesday, 21 February 2018, at 15:00 at the AEEI Head Office, Premier Fishing, Quay 7, East Pier, V&A Waterfront

FINANCIAL REPORTS

Announcement of interim results	May 2018
Interim report	May 2018
Announcement of annual results	November 2018
Integrated report	November 2018

DIVIDEND PAYMENT

Gross dividend (cents per share)	5,50
Dividend net of dividend withholding tax (cents per share)	4,40
Last day to trade cum dividend	Tuesday, 16 January 2018
Trading ex-dividend commences	Wednesday, 17 January 2018
Record date	Friday, 19 January 2018
Date of payment	Monday, 22 January 2018

Share certificates may not be dematerialised between Wednesday, 17 January 2018, and Friday, 19 January 2018, both days inclusive.

ADMINISTRATION

COMPANY SECRETARY

Nobulungisa Mbaliseli – nobulungisa@aeei.co.za

EXECUTIVE MANAGEMENT TEAM

Chief executive officer	Khalid Abdulla	khalid@aeei.co.za
Chief financial officer	Chantelle Ah Sing	chantelle@aeei.co.za
Corporate affairs and sustainability	Cherie Hendricks	cherie@aeei.co.za
Prescribed officer	Khalid Abdulla	khalid@aeei.co.za

BUSINESS ADDRESS AND REGISTERED OFFICE

Quay 7, East Pier, V&A Waterfront, Cape Town, 8001, South Africa
Postal address: PO Box 181, Cape Town, 8000, South Africa
Telephone: +27 21 427 1400
Facsimile: +27 21 419 0731

EMAIL AND WEBSITE

Email address: info@aeei.co.za
Website: www.aeei.co.za

COMPANY REGISTRATION NUMBER

1996/006093/06

TRANSFER SECRETARIES

Link Market Services South Africa (Pty) Ltd
Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001, South Africa
Postal address: PO Box 4844, Johannesburg, 2000, South Africa
Telephone: +27 11 713 0800
Facsimile: +27 86 674 4381
Website: www.linkmarketservices.co.za

AUDITORS

Grant Thornton Cape Inc.

SPONSOR

PSG Capital

LISTING

Johannesburg Stock Exchange	Sector: Diversified Industrials
Share Code: AEE	ISIN Code: ZAE000195731

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